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Daily Report

LAST ISSUE

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LAST ISSUE

Central Eurasia

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Daily Report
Central Eurasia

FBIS-SOV-96-159 *15 August 1996*

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CIS: ITAR-TASS Carries Press Review for 15 Aug

LD1508054896 Moscow ITAR-TASS in English 0524 GMT 15 Aug 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW August 15 (ITAR-TASS) — Russian newspapers highlight today a new outbreak of the war in Chechnya. "Combat operations in Groznyy have not been stopped, but hope has emerged for the coming of the Ch Day," [as received] IZVESTIYA military observer Viktor Litovkin writes. He quotes a source in the General Staff, who told him that the "Che Day" [as received] was being prepared. On that day fire from both sides will be stopped all over Chechnya, and even bolts will be removed from rifles and breech-blocks from artillery pieces, so that no one will be able to violate ceasefire. "This is all in the future, however, even though not so distant. Meanwhile, disengagement mechanisms are being worked out," the newspaper writes.

KRASNAYA ZVEZDA, publication of the Defence Ministry, believes that "it is premature to give the exact date of the beginning of ceasefire in Chechnya." Its correspondents report from Groznyy that Konstantin Pulikovskiy, had a meeting with chief of staff of the separatists Aslan Maskhadov in the village of Novye Atagi. Those were difficult talks. The leader of the illegal armed groups put forward political demands to the Russian general. It is premature to give the exact date of the ceasefire, the newspaper states in conclusion. Consultation on this issue are going on.

In the opinion of KOMSOMOLSKAYA PRAVDA, "the promised ceasefire has not taken place." The best people of the nation are dying at the war in Chechnya, the newspaper writes. The dead and the wounded are counted by the thousands. Groznyy has become a common grave. According to KOMSOMOLSKAYA PRAVDA correspondent Vladimir Ladny, as a result of the new outbreak of the war, hospitals of Rostov, Vladikavkaz, Volgograd and other cities are filled with the wounded.

"When will this accursed war will be stopped?" TRUD asks. The information coming from Chechnya is most contradictory, the newspaper writes. Each of the warring parties presents the situation from its own point of view. With so many views expressed on the subject, it is difficult, if not impossible, for the public to form its onw opinion of what is going on in Chechnya. The nation has the right to know it, however. The lack of clarity concerning the situation in Chechnya, as well as the helplessness of the authorities, are irritating public opinion to the extreme.

"Russia's banking sytem has been stabilised," Mikhail Delyagin, an economist, writes in ROSSIYSKIYE VESTI. "I believe recession in the banking sector will not be resumed. On the one hand, today's stabilisation resembles in a way 'stabilisation at the bottom.' A number of large banks are facing serious difficulties, and many regional banks, which are playing an important role in the provinces, are 'at the bottom' already. On the other hand, signs of the improvement of the situation are noticeable in both categories. A stable growth of Russia's banking sector may begin in the fourth qurter of the current year," the newspaper believes.

ROSSIYSKAYA GAZETA, publication of the Russian government, carries a critical article entitled " Who stole the agrarian budget?" Aleksandr Gavrilyuk, author of the article, writes about financial machinations and the settlement of scores between gangsters in the Federal Food Corporation. Its former director-general Magomed-Tagir Abdulbasirov (trillions of roubles disappeared during his term in office) is now holding an important post in the Federation Council.

Vitaly Golovachev, political observer of TRUD, tries to find an answer to the question: why wages are not being paid to the workers? He writes in his article that wage debts have reached 34 trillion roubles. The wage debts of the budget have also grown in the industrial sector, in agriculture and in the transport sector. It is not surprising that even the meagre unemployment allowances are not paid in time. Many pensioners receive their pensions with delays. It can hardly be described as the fulfilment of the President's electoral promises, the newspaper stresses in conclusion.

CIS: Defense Ministers Meet; Rodionov Avoids Subject of Chechnya

LD1408151296 Moscow Russian Television Network in Russian 1300 GMT 14 Aug 96

[From the "Vesti" newscast]

[FBIS Translated Text] A routine meeting of the Council of Ministers of Defense of CIS countries began work in Moscow today. On the agenda are questions of our countries' national security. Opening the meeting, Russian Defense Minister Igor Rodionov noted that it was time to move on from fine words and intentions to fine deeds.

[Correspondent R. Babayan] Russia considers its strategic priorities in military cooperation with the CIS countries to be the prevention and settlement of armed conflicts on the territories of these states and also the strengthening of collective security. This was stated in

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Moscow at the meeting of the Council of CIS Defense Minister by Russian Defense Minister Igor Rodionov. Opening the meeting, he proposed that its participants should work out a coordinated approach to the problem of the expansion of NATO in Eastern Europe. The meeting then continued behind closed doors.

The heads of the military departments discussed the prospects for improving the united air defense system of the CIS countries and the state of the collective peacekeeping forces in Tajikistan and Abkhazia. The subject of Chechnya was not raised at the session. The participants in the session considered this unnecessary and stated that the crisis in that republic was Russia's internal affair.

Rodionov, who showed himself to journalists during the interval, also assiduously avoided the subject of Chechnya and categorically refused to reply to their questions.

[Begin Rodionov recording] This is the interval. We have been sitting there for two hours. I am human, after all. [end recording] [Video shows Rodionov pushing his way through journalists]

CIS: Defense Ministers Say NATO Expansion Poses 'Serious Threat'

LD1408132896 Moscow INTERFAX in English 1313 GMT 14 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 14 (INTERFAX) — Any NATO enlargement to the east is fraught with the risk of a bloc confrontation and a new round of arms race, CIS defense ministers say.

The Council of CIS Defense Ministers in a final communique on Wednesday said any NATO expansion to CIS borders would pose a serious threat to the political, economic and military security of CIS states.

The ministers hope for a review of NATO expansion plans and for a sustained implementation of positive opportunities emerging before the world community in the wake of diminishing confrontation in Europe.

The Council instructed its committee of military chiefs of staff and other working bodies to put forward proposals on coordinated action by the CIS defense ministries in the face of a possible NATO enlargement.

The ministers reaffirmed their determination to press ahead with the creation of a CIS collective security system in line with the collective security treaty and bilateral agreements. The meeting approved a plan for creating such a system, which also includes the question of forming regional groupings.

The meeting involved the ministers of nine CIS states as well as representatives of Uzbekistan and Tajikistan, but Moldova was conspicuously absent.

The Council is expected to meet again in Dushanbe in October or November.

CIS: Ukrainian Minister Refrains From Signing CIS Document on NATO

LD1408142596 Kiev UNIAN in Ukrainian 1240 GMT 14 Aug 96

[FBIS Translated Text] Moscow, 14 Aug (UNIAN) — The Ukrainian delegation attending a meeting of the CIS Council of Defense Ministers as an observer did not sign its main documents. The papers included a communique on the results of the meeting and a statement on the proposed NATO expansion to the East.

Ukrainian Minister of Defense Oleksandr Kuzmuk said the country's position on NATO expansion had been made clear by President Leonid Kuchma. Ukraine opposes nuclear arms deployment in Eastern Europe, however, any country's entry to NATO is its internal affair, the minister said. He added that Ukraine did not sign the statement on NATO expansion because it was not a signatory of the CIS collective security treaty.

The ministers discussed plans for the development of a CIS security system in the military sphere based on the collective security treaty of 15 May 1992, improvements to the CIS united air defense system, military personnel training in CIS states, and other issues.

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Russia: U.S. Hearings on Cuban Drug Trafficking Criticized

LD1408200696 Moscow INTERFAX in English 1539 GMT 14 Aug 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 13 (Interfax) — The Russian Foreign Ministry has described the plans of the U.S. House of Representatives' Subcommittee on Inter-American Affairs to hold hearings on the Cuban government's alleged involvement in drug trafficking as another attempt to provoke the further aggravation of tension between the United States and Cuba.

The action seems to be being taken on the initiative of the influential U.S. anti-Cuban lobby, Russian Foreign Ministry spokesman Mikhail Demurin told a briefing in Moscow Tuesday.

He said Moscow paid attention to the fact that the U.S. state Department had distanced itself from the accusations levelled against the Cuban leadership. "We expect the U.S. administration to further adhere to this reserved and responsible position," he said.

"Russia's efforts to fight international drug trafficking are well known in the world. We successfully cooperate in this area with the United States and other countries, including Cuba," said Demurin.

He described as "cheap insinuation" allegations of a "Russian trace."

He recalled that in 1995 Moscow and Havana signed an agreement on cooperation in fighting the illegal drug trade.

"We believe that it would be possible to significantly increase the efficiency of this struggle if the United States and Cuba agreed to cooperate," he said.

Demurin said Moscow is prepared to provide assistance in the development of such contacts between Washington and Havana.

In reply to questions from journalists Demurin specified: When we speak of the leadership of this or that country, we generally mean the country as such, not just separate officials.

"The fact that individual leaders in this or that country may and sometimes are involved in illegal activities does not mean that the leadership of this or that country is criminal or that it is impossible to cooperate with it on a normal basis of international law on complicated and important matters to which stgruggle against drug trade belongs," the diplomat said.

Russia: Russian-U.S. Naval Exercise Held Despite Bad Weather

MM1508104696 Moscow KRASNAYA ZVEZDA in Russian 15 Aug 96 p 1

[Report by Andrey Gavrilenko: "'Cooperation' in Stormy Weather. Russian-U.S. Exercise Was Not Postponed Due to Bad Weather"]

[FBIS Translated Text] The Navy Press Center has reported that the Cooperation at Sea joint Russian-U.S. exercise, whose main purpose was to rehearse the organization of collaboration in the provision of assistance to the population hit by a natural disaster (earthquake), was held in the Far East.

The exercise was not postponed due to the bad weather. The force of the floods in Maritime Kray is indicated, for example, by the following fact: The Luchegorskiy open cut coal mine was hit. Work at the quarry is virtually at a standstill — the pumps cannot cope with the water flooding in from the Ussuri River's tributaries. It is expected that, in the very near future, torrential rain will raise river water levels by up to 2 meters and will cause fresh flooding. Up to 10 Maritime Kray rayons will be in the disaster zone. It cannot be ruled out that about a dozen villages and the city of Spassk-Dalniy may be flooded.

But, as the Navy Main Staff emphasized, the exercise was not canceled and was not even postponed. Taking part in it on the Russian side were eight [figure as published] ships and craft (the [large landing ship] BDK-11, the landing craft DK-70, the salvage tug Mashuk, a harbor diving craft, a diving motor boat, and two large hydrographic craft), three helicopters, and up to 200 marines. Taking part on the U.S. side were the amphibious assault ship Belleau Wood and two landing craft, up to 13 units of equipment (seven armored personnel carriers and 6 special vehicles), and up to 200 marines.

The exercise comprised several main stages: Rehearsal of collaboration and command and control in the disembarkation and embarkation of marines, the transfer of ships to the natural disaster zone (evacuation of wounded, provision of water and heat, clearance of obstructions, organization of food supplies, and so on), build-down of forces, and transfer from the zone.

The exercise was led by Rear Admiral Andrey Petrov, chief of staff of the Pacific Fleet surface ships squadron, on the Russian side, and by Rear Admiral Doran, commander of the U.S. Navy 7th Fleet's 1st Landing Group, on the U.S. side.

This was the third joint exercise on this topic (the two previous ones were held in Vladivostok and Hawaii).

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It is worth noting that, following the first exercise, the BDK-11 applied the lessons it had learned in practice during salvage operations in the South Kurils.

Russia: Safety Questions Raised Over Joint French Space Launch

MM1408144596 Moscow IZVESTIYA in Russian 15 Aug 96 p 1

[Report by Sergey Leskov: "Russian Roulette in Orbit. Russian-French Crew Due To Go Into Space on a Rocket That Has Already Had Four Accidents This Year"]

[FBIS Translated Excerpt] At 1717 hours on 17 August a Soyuz-U rocket with a Russian-French crew is to take off from Baykonur cosmodrome. In the public's mind this flight is interesting in that it is the first time a French woman — 39-year-old rheumatologist Claudie Andre-Deshays — has gone into space. However, the expedition is lent real drama by very different circumstances which the leaders of the space sector are trying not to publicize.

Traditionally our cosmonauts are launched into space aboard a Soyuz-U2 rocket and satellites are put into orbit by the Soyuz-U. These are very similar rockets, modifications of the famous "Korolev" Seven, but still they are not the same. The Soyuz-U2 can take 250 kg more payload into orbit, many of the control systems have duplicate equipment to increase reliability, and special instruments are installed for docking with the Mir orbital complex.

But the Soyuz-U2 costs more to produce. And this year the space sector could not scrape together the necessary money. As a result in February cosmonauts Onufriyenko and Usachev flew aboard a Soyuz-U "freight" rocket. They were informed of the change of rocket only a matter of days before the launch — they had to lose a whole 6 kg weight in a hurry, like weight lifters before a competition. In addition, the list of personal items, necessary for a mission lasting many months, was reduced by two-thirds.

This time a Soyuz-U rocket is again standing on the Baykonur launch pad. But the crew has been increased to three. Weight restrictions are even tougher. There are no personal items at all in the baggage (usually they are allowed to take 4 kg each). Clearly, the expedition will lose by this in terms of spectacle.

But another problem is immeasurably more important — the unexpected illness of crew commander Gennadiy Manakov. [passage omitted]

But now to the most important point, which one is very reluctant to speak of on the eve of a very risky space launch. But it is even worse to bury one's head in the sand and take no notice of the technical problems associated with the Soyuz-U rocket. Launches have ended in failure four times this year already. Two accidents during the launch of military spy satellites (both times at the fatal 49th second because of a fault in the nose fairings). Two accidents during the launch of Progress freight ships for the Mir orbital complex. It was thanks to Soyuz-U that in 1996 Russia broke all its previous records for accidents in cosmonautics. This time, the Russian Space Agency assures us, additional super-safety measures are being taken.

Naturally, all the participants in the expedition know about these problems. But there has not been the slightest hint at abandoning the flight, either from our side or from the French side.

The Russian-French expedition "Cassiopeia" will last 16 days. A contract for 82 million francs [Fr] was signed between the French space agency and the Russian Energiya space rocket corporation in 1994. Of this, Fr83 million francs is real money. Equipment for Energiya has been manufactured to a value of Fr10 million. The equipment left on board Mir after previous visits by French cosmonauts to the orbital station is estimated at a further Fr9 million. However, because of the shortage of funding the launch of the Russian-French expedition, originally scheduled for the beginning of summer, has already been postponed several times.

The latest date: 17 August, 1717 hours....

Russia: Prospects for Russia-Taiwan Coordinating Commission Examined

MM1408161496 Moscow IZVESTIYA in Russian 13 Aug 96 p 3

[Report by Yuriy Savenkov: "Taipei Shrouded in Fog: Russian Mission Has Been Packing Its Suitcases for Three Years"]

[FBIS Translated Text] Rumors of the impending opening of the office of the Moscow-Taipei Coordinating Commission for Economic and Cultural Cooperation (Mostai for short) in Taipei regularly crop up in the Russian media and then, just as regularly, disappear without trace.

Mostai has its own history. Given birth by presidential directive in September 1992, it immediately caused consternation in Beijing: Given that it is a public organization, what is a presidential directive doing here? An additional presidential edict followed which stated that Russia's policy is based on the existence of just one China — the People's Republic of China. And Taiwan forms an integral part of it. Russia maintains no official

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interstate relations with Taiwan. In the summer of 1993 Mostai was registered at the Russian Ministry of Justice as an international public company. It was time to head for the island, it seemed. However, the commission has not budged since, although Mostai's counterpart Taimos (Taipei-Moscow Coordinating Commission) did appear in Moscow three years ago. And although ITAR-TASS has conscientiously reported Mostai's upcoming return visit to Taipei, the lot of our hero brings to mind the poet's remark: "I am like a train which has been rushing for years between the city of Yes and the city of No."

Taiwan is developing. A realistic project to transform the island into an international trading operations center for the Asia-Pacific region has been added to the traditional economic trump cards it holds (it is the world's 13th biggest trading power and has the largest currency reserves after Japan). While we, who sometimes describe ourselves as a Eurasian power, are slow to take realistic steps.

Bilateral ties — cultural, scientific, and economic — are developing haphazardly. Trade turnover is close to the $2-billion mark. And Taiwan has become Russia's fifth largest partner in East Asia. But this is small beer. Some 30,000 firms on the "rebel island" have invested $30 billion in China's economy, and trade turnover ($20 billion) is almost four times larger than Russian-Chinese trade.

The lack of a legal contractual base stymies many projects. Business often gets deadlocked because the partners are unaware of each other's idiosyncrasies. Li Chiyenli [as transliterated], director of the Taimos information department, said: "We are very much looking forward to the opening of your mission; obtaining visas is a hassle for businessmen (Mostai will offer its services here, although it will not issue the actual visas — Yu.S.) and they complain that there is no one to turn to for information and that the absence of a direct air service makes the journey longer."

Two views on Taiwan are current among Russian officials. The first is an overcautious view, based on fear of a move by Beijing, which explains to a considerable extent all the red tape. The second view overestimates Taiwan's readiness to pay for the formalization of ties by means of economic aid and investment, which also holds up business — the hope of winning concessions and privileges in exchange for future cooperation wastes valuable time. One expert told me in confidence that Moscow had tried to win privileged tax status for its mission. Taipei asked the same for Taimos. Has this not been the main reason for Mostai's woes?

Although the Taiwanese Foreign Ministry has clearly said: "We are expecting the Moscow people to arrive in October this time," the Russian Foreign Ministry continues to talk on the basis of the "don't say yes or no" principle. And a specialist who was enrolled as one of the "missionaries" long ago and who has been packing his bags for four years now, sarcastically remarked "Everything for the time being is shrouded in fog." Perhaps it will clear up?

IZVESTIYA has been able to ascertain that the Russian-Taipei commission's leadership trio has nevertheless been formed. The "troika" consists of sutiable people — Mr. Vladimir Trifunov (chairman) and Messrs. Vladimir Malyshev and Yuriy Galenovich, the two deputy chairmen. All three are lawyers by training and profession. It is now important that these professionals finally reach their station of duty.

Russia: Border Troop Chief on 'Strategy of Partnership' With Georgia

LD1408164796 Moscow INTERFAX in English 1627 GMT 14 Aug 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, August 14 (Interfax) — The cooperation of Russia and Georgia on border issues meets the strategy of partnership between the two countries, Russian Federal Border Service Director Gen. Andrey Nikolayev declared after a two day working visit to Tbilisi Tuesday.

There he held talks with President Eduard Shevardnadze, Foreign Minister Irakli Menagarashvili and the leadership of the State Department for Borders.

The sides recognized that the agreement on the status and functioning of Russian border troops in temporarily stationed in Georgia signed during Boris Yeltsin's visit to Tbilisi in February 1994 is an efficient foundation for cooperation in border protection.

At the same time both sides believe the document requires development and expansion to further deepen cooperation in this sphere.

Efforts will continue in this direction with due account to the legislation of the two countries and the requirements of the day.

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Russia: Doubts Over Azerbaijan Oil Pipeline Delay Viewed

MM1508091996 Moscow IZVESTIYA in Russian 14 Aug 96 p 3

[Report by Elmar Guseynov: "Soft Blackmail from Baku? Because of the War in Chechnya the Rivers of Oil Could Bypass Russia's Shores"]

[FBIS Translated Text] Baku concedes the possibility of a delay in the implementation of the agreement with Moscow on the transport of "early oil" across Russian territory. The reason — the situation in Chechnya. Natiq Aliyev, president of the Azerbaijan State Oil Company, is reported to have made this statement recently.

The Azerbaijani side was quick to refute this report transmitted by the ANI agency. According to Rafik Akhundov, N. Aliyev's aide, the president of the GKNK [expansion unknown] did not say these words. However, the new outburst of emotion over the Caspian oil is raising the seemingly resolved problem of Russia's participation in the exploitation of the Caspian shelf oil field.

Let us recall that this issue concerns the initial oil from the Azeri, Chirag, and Guneshli fields containing approximately 500 million tonnes of liquid fuel in all. The development of these fields was part of an enormous international project worth over $7 billion in which Russia's Lukoil company holds a 10-percent stake.

At the beginning of 1997 it is planned to pump the first consignment of oil — around 5 million tonnes a year. With tremendous effort and by putting great pressure on Azerbaijan, Russia secured an agreement whereby the first oil will be pumped along the existing Baku-Groznyy-Novorossiysk pipeline. Admittedly for this to happen it is first necessary to restore order in Chechnya and modernize the pipeline itself which at the moment can only pump oil to Baku.

The implementation of this project in principle gave Russia grounds for hoping that the main oil supply will cross our territory in the future. That would earn the country tens of millions of dollars for fuel transport services alone and at the same time would assert Moscow's geopolitical influence in the Transcaucasus region.

The Kremlin's main strategic rival in the implementation of this project is Turkey. A number of strategically important oil pipelines from Iraq already cross its territory. The Turks were extremely interested in keeping the flow of raw energy from the Caspian shelf to itself.

Turkey relied on the overt support of the United States and Britain whose firms are the main participants in the project. The question of who will control the oil pipeline is crucial for determining who is going to wield influence in the Transcaucasus in the next century and the West does not intend to miss this opportunity.

A year ago the Turkish authorities adopted a series of measures which made it difficult for tankers carrying Russian oil to pass through the Bosporous. At our consulate general in Istanbul it is no secret that this is the first hint that Novorossiysk might not be the Caspian oil's gateway the West. According to Leonid Manzhosin, Russian consul general in Istanbul, our side's losses over the year due to enforced delays already amount to around $300,000-350,000. When tanker traffic increases because of the supplies of Caspian oil, the problems that they will face in passing through the Bosporous could become insurmountable for them.

The Russian authorities' inability to ensure security on its pipeline route is jeopardizing the preservation of its position in the Transcaucasus. The scandal over Natiq Aliyev's statement could reflect the Azerbaijani authorities' desire to pressure their northern neighbor which is still accusing Azerbaijan of aiding and abetting the Chechen separatists.

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Political Issues

Russia: Yeltsin Announces New Cabinet of Ministers

LD1508100496 Moscow INTERFAX in English 0924 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 15 (Interfax) — Russian President Boris Yeltsin named the new Cabinet of Ministers on Wednesday.

Aleksei Bolshakov, Viktor Ilyushin, and Vladimir Potanin were appointed first deputy chairman of the government.

Vladimir Babichev was appointed deputy chairman of the government and head of the government apparatus.

Oleg Davydov was appointed deputy chairman of the government and Foreign Economic Relations Minister; Aleksandr Livshits — deputy chairman of the government and Finance Minister.

Aleksandr Zaveryukha, Vitaliy Ignatenko, Oleg Lobov, and Valeriy Serov were appointed deputy chairmen of the government.

Yefim Basin will be Construction Minister;

Vladimir Bulgak — Communication Minister;

Vladimir Kinelev — General and Professional Education Minister;

Valentin Kovalyov — Justice Minister;

Anatoliy Kulikov — Interior Minister;

Gennadiy Melikyan — Labor and Social Development Minister;

Viktor Mikhailov — Atomic Energy Minister;

Vyacheslav Mikhailov — Nationalities and Federal Relations Minister;

Zinoviy Pak — Defense Industry Minister;

Yevgeniy Primakov — Foreign Minister;

Igor Rodionov — Defense Minister;

Viktor Khlystun — Agriculture and Food Products Minister;

Nikolai Tsakh — Transport Minister;

Sergei Shoigu — Civil Defense, Emergency Situations, and Liquidation of Natural Disasters Minister;

Yevgeniy Yasin — Economics Minister.

Yeltsin commissioned Russian Prime Minister Viktor Chernomyrdin to submit proposals on other candidacies to the composition of the Russian government in conformity with the confirmed structure of the federal executive branch.

Russia: New Deputy Prime Ministers' Responsibilities Described

LD1508094696 Moscow INTERFAX in English 0917 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 15 (Interfax) — President Boris Yeltsin signed decrees on Wednesday to appoint Vladimir Potanin, Aleksey Bolshakov and Viktor Ilyushin as Russia's first deputy prime ministers, Prime Minister Viktor Chernomyrdin told journalists on Thursday.

According to him, in the new government Potanin will be responsible for economic issues. Ilyushin will be responsible for social issues, and Bolshakov for industrial production, transport, communications and the use of natural resources.

Chernomyrdin also briefed journalists on how functions will be distributed between the new deputy prime ministers appointed by the president.

The former presidential adviser on economic issues Aleksandr Livshits, who will hold the post of deputy prime minister and finance minister at the same time, will be in charge of finances.

Deputy Prime Minister Oleg Lobov will be responsible for construction, transport and communications.

Valeriy Serov will be in charge of cooperation with CIS countries and ethnic, regional and legal policies.

Aleksandr Zaveryukha will be in charge of the agroindustrial complex and environmental protection.

A special place in the new government structure will belong to foreign economic activity, which will be monitored, as before, by Deputy Prime Minister and Minister for Foreign Economic Relations Oleg Davydov.

Deputy Prime Minister and Director General of the ITAR-TASS agency Vitaliy Ignatenko will lead the government's information service.

Vladimir Babichev will retain his job as the head of the government's staff. He has also been appointed as deputy prime minister.

Chernomyrdin described this appointment as a "well-considered step." According to him, in addition Babichev will be responsible for cooperation with the two houses of the Federal Assembly, parties and movements.

The head of the government's staff will have to closely cooperate with the leaders of ministries and departments

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of federation members, Chernomyrdin said. His status has been raised precisely because of this, Chernomyrdin pointed out.

Russia: Bolshakov To Perform Functions in Chernomyrdin's Absence

LD1508102196 Moscow INTERFAX in English 0946 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 15 (Interfax) — On occasions when Russian Prime Minister Viktor Chernomyrdin is away or not available, his functions will be performed by First Deputy Prime Minister Alexey Bolshakov, Chernomydin told a news conference in Moscow on Thursday.

President Boris Yeltsin signed a decree to appoint Bolshakov as first deputy prime minister on Wednesday. Earlier Bolshakov, as deputy prime minister, was in charge of ties with CIS countries. In the new government he will be responsible for industrial production, construction, transport, communications, and the use of natural resources. Bolshakov will also lead the governmental commission for urgent issues.

According to Chernomyrdin, the status of that commission will be revised in the near future. It will perform the functions of a secondary Council of Ministers, similar to the relevant pre-revolution government body, he said. The commission will consist of number two officials from federal executive government bodies, that is first deputy ministers, first deputy chairmen of national committees, and federal services.

Bolshakov, it is believed, will be responsible for most industrial issues, with Deputy Prime Minister Oleg Lobov specifically answering for construction, transport, and communications.

Russia: Potanin Comments on Appointment, Denies Bank Connection

LD1508094996 Moscow INTERFAX in English 0916 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 15 (FIA-Interfax) — Vladimir Potanin, appointed one of Russia's first deputy prime ministers Thursday, sees his promotion as "unexpected."

Nonetheless, Potanin feels support from "fellow-capitalists" will help him "do good."

Potanin says he is no representative of the bank lobby. He says he represents, instead, the Russian entrepreneurs taken as a broader section of society.

In Potanin's view, "an investment boom" may take place in Russia a few months after the investor has been convinced his rights will be protected.

Potanin, 35, was born in Moscow. He majored in international economic relations and graduated in 1983 from the Moscow Institute of International Relations.

He started his professional career as a staff worker of the Soviet Foreign Trade Ministry. In 1991 and 1992 Potanin chaired the Interros foreign trade association (financial and industrial group since 1994) and was vice president and president of a joint stock commercial bank known as the International Financial Company in 1992 and 1993. Has been president of one of the five leading banks of Russia, Uneximbank, since 1993.

Potanin has said he enjoys travel, soccer, chess and tennis. He reads U.S. Business Week magazine. He is married and has one son and one daughter.

Russia: Yeltsin Orders Changes to Staff Structure

MM1408115896 Moscow ROSSIYSKIYE VESTI in Russian 14 Aug 96 p 1

[Report from "The President" column: "Structure of Presidential Staff Improved..."]

[FBIS Translated Text] Russian Federation President Boris Yeltsin yesterday signed an edict "On the Russian Federation Presidential Administration for Questions of Collaborating With Political Parties, Public Associations, and Russian Federation Federal Assembly Factions and Deputies." It was formulated in line with the 25 July 1996 Russian Federation presidential edict "On Measures To Improve the Structure of the Russian Federation Presidential Staff."

He also signed an edict "On the Russian Federation Presidential Territorial Administration."

The main functions of the administration are to provide informational and analytical support for the Russian Federation president's regional and national policy and support for the Russian Federation president's collaboration with state bodies in the Russian Federation components and with local government bodies.

The Russian Federation president signed an edict setting up the Russian Federation Presidential Staff Cadres Administration.

Under the edict the Cadres Administration is directly subordinate to the chief of the Russian Federation Presidential Staff. Its main functions are:

providing cadre support for the activity of the Russian Federation Presidential Staff;

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improving the work of the Russian Federation Presidential Staff in the selection and placement of cadres and in improving their skills and strengthening discipline in the Russian Federation Presidential Staff;

providing organizational and staff support for the activity of the Russian Federation Presidential Staff.

The Russian Federation president also signed yesterday an edict "On the Formation of Subdepartments of the Russian Federation Presidential Staff." Under this edict the following subdepartments are to be set up within the Russian Federation Presidential Staff:

the Russian Federation Presidential Staff Administration for Clemency Questions;

the Russian Federation Presidential Staff Department for Supporting of the Activity of the Commission for Citizenship Questions;

the Russian Federation Presidential Staff Department for Supporting of the Activity of the Commission for State Prizes in the Sphere of Literature and Art;

the Russian Federation President's State Heraldry (as a department of the Russian Federation Presidential Staff).

Boris Yeltsin also ratified statutes on the corresponding subdepartments of the Russian Federation Presidential Staff.

Russia: Yeltsin Signs Decree on Goals, Power of Defense Council

LD1508111896 Moscow INTERFAX in English 1058 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, August 15 (Interfax) — President Boris Yeltsin today signed a decree defining the goals and powers of the new Russian Defense Council staff.

The staff is instructed to provide support for the Defense Council's activity to: implement powers in the field of military development; carry out important Russian Security Council decisions on strategic defense policy issues; informatively and analytically back up the Defense Council's activity on the current problems of military development and defense security; draft presidential decrees, orders, and directives on military development; implement important Security Council decisions on strategic defense industry issues; advise the Defense Council Secretary on military development, national defense potential, and military and technical cooperation.

The staff is also instructed to see to it that the Council's decisions yield effect, to sift through intelligence and other data, and prepare reference books with analyses of military threat sources.

Overall guidance of the staff's activity is exercised by the secretary of the Security Council, the decree says.

Russia: Yeltsin Edict Attempts To 'Rationalize' Executive Branch

LD1508110296 Moscow INTERFAX in English 1050 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 15 (Interfax) — Russian President Boris Yeltsin signed a decree Thursday which attempts to define and rationalize the Russian executive branch, Yeltsin's press service said.

The decree, On the System of Federal Structures of the Executive Branch of Power, says the executive branch shall embrace the federal ministries and other federal agencies, the state committees and federal services of the Russian Federation, Russian agencies and the federal monitoring authorities.

The decree describes federal ministries as those federal bodies of the executive branch which follow the government guidelines, control developments and coordinate moves by other federal structures of the executive branch in appropriate fields.

A state committee of the Russian Federation is seen as a federal body of the executive branch which coordinates moves by various industries under its control, and does functional coordination in a certain field.

Federal services, Russian agencies and federal monitoring authorities are defined as federal bodies of the executive branch that are endowed with special responsibilities (practical realization, control, authorization, regulation, etc.) in certain fields.

The federal bodies of the executive branch cannot bear a name or enjoy a status other than those provided by the present decree.

The President institutes, reorganizes and eliminates federal bodies of the executive branch, and appoints or removes from office the chiefs of federal ministries, on suggestion from the prime minister.

The government shall appoint and remove from office deputy ministers and the chiefs of state committees, federal services, Russian agencies and federal monitoring authorities, as well as their deputies.

Special rules will be provided for the appointment and removal from office of the chiefs of those federal bodies of the executive branch which are controled by the President within the limits defined by the national constitution.

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Public servants listed in the decree cannot enjoy the powers, or hold the rank, of those who hold higher positions.

The decree defines rules for the formation of the territorial structures of the federal bodies of the executive branch of power.

Yeltsin instructed the government to bring Cabinet decisions to conformity with this decree and suggest appropriate amendments to his executive orders.

The decree is in keeping with Article 112 of the Russian Constitution, the press service said.

Russia: New Government Seen as Top-Heavy

MM1408113096 Moscow IZVESTIYA in Russian 14 Aug 96 p 1

[Article by Mikhail Berger: "Slow Progress With the Reform of Reform Government"]

[FBIS Translated Text] The makeup of the new Russian Government has still not been officially announced, but a number of quite obvious things can be said right now.

First and foremost, it can be said that the revolutionary reshaping of the actual structure of executive power — a drastic reduction in the number of ministries and vice premiers and the introduction of the institution of federal ministers and ministers of state — has not taken place. True, it cannot be said that the conservative option has triumphed either. The number of federal departments has, after all, as the premier promised, contracted from 90 to 60. As far as vice premiers are concerned, however, that "profession" seems to be becoming increasingly commonplace. While it is the correctly held popular belief that, if the number of vice premiers in the government is increasing, there is no hint of a reform of government as such. There will be at least four and possibly all of five first vice premiers in the new cabinet.

What does this old Russian political arithmetic which breaks with the traditional notion of the quantity of numbers mean? According to Russian political tradition, the Arabs, who invented numbers, overlooked something between the numbers one and two. Given that we are not obliged to do as the Arabs say, our politicians firmly hold to the conviction that several more "reserve" units lie in the gap between those numbers. And this charade is explained in nonarithmetical terms as follows: If highly respected people are brought into the government, they have to look at least a tad more important than merely important cabinet members.

It is perfectly clear that former top presidential aide Viktor Ilyushin, who is being brought into the government, cannot, regardless of his sphere of activity, be simply a vice premier. Yuriy Yarov, who until recently looked after social policy, manages perfectly well with this modest title. Ilyushin, however, has to be a first vice premier. At the same time, the brief entrusted to Ilyushin, which is to do his best to make at least some progress, is very much like leaving top leaders in charge of a village, or, in today's terms, Chechnya.

Vladimir Potanin, who has been promised appointment as yet another first vice premier, will be in charge of the set of financial and economic issues. This too is not much better than a village, but at least some results can be seen there, and his set of issues does exercise a little more power. It is still not entirely clear how Aleksandr Livshits, whom everyone already regards as the appointed finance minister and vice premier, will fit into this structure. What we do not know is whether he is a plain vice premier or a first vice premier.

The presidential aide in charge of economic questions has in recent months been pretty active in the treasury and has personally watched over the allocation of budget payments to the regions, the miners, and others in dire straits. So the brief he is getting is familiar, albeit only to some extent. However, people in the know say that the finance department itself is in a state of neglect and that, for all the difficulties with the country's finances, domestic tasks and the tasks inside the ministry will be almost more difficult for the new minister than the task of avoiding financial crisis.

Mikhail Zadornov, another contender for the top Finance Ministry post, who has apparently (reluctantly) withdrawn, said that the finance minister is always on his own in the government, as he — by virtue of his post — opposes all budget money claimants. And in government, as people will know, every department is such a claimant. Therefore Zadornov received with enthusiasm the news that the finance minister's status was to be elevated to that of a vice premier.

Let us note that the appearance in the government of well-known parliamentarian Zadornov together with the appointment of the banker Potanin would hint at changes in some of the key economic posts in the cabinet. The appearance of just one new figure from outside (V. Potanin) does not.

By all appearances, Vladimir Kadannikov will remain a first vice premier but will be in charge of the sphere previously looked after by Oleg Soskovets, It is not yet clear what current First Vice Premier Oleg Lobov will do here. He could take charge of the military-industrial complex as, it is said, the complex itself very much wants him to do. But he could perhaps obtain a new appointment outside the cabinet — not the first time

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he has had to leave or, incidentally, return to such an appointment.

Judging by the latest official reports from the White House, Tuesday's expected announcement of new appointments is not going to take place. Some confusion regarding certain figures or perhaps even regarding the structure of the government may well have arisen. Or perhaps they are simply waiting for Chubays to go on vacation....

At any rate, it seems that some surprises concerning the formation of the new government are still in store for us because everything ultimately is decided not even by three people (Yeltsin, Chernomyrdin, Chubays), but by one.

Russia: Yeltsin Intends To Broaden Contact With Public

LD1408123096 Moscow INTERFAX in English 1216 GMT 14 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 14 (Interfax) — Russian President Boris Yeltsin intends "to make more active the information dialogue with the society," new presidential press secretary Sergey Yastrzhembskiy said after his first meeting with Yeltsin Wednesday.

Yeltsin spoke in favor of "creating a powerful efficient mechanism to explain the policy of the president and his administration, motives, goals and reasons of the adopted decisions," Yastrzhembskiy told Interfax.

According to Yastrzhembskiy, he "felt Yeltsin's great interest in deepening the level of information available to the public and confidence in his press-service."

He reported that Yeltsin pointed to the need to develop a dialogue with regional mass media.

At the same time Yastrzhembskiy pointed to Yeltsin's interest in deepening Russian-Slovakian relations. Sergey Yastrzhembskiy has been Russia's Ambassador in Slovakia up to now. "Yeltsin has demonstrated a deep knowledge of Slovakia which he visited three times," he said.

Yastrzhembskiy said Yeltsin "is in a good working state."

Russia: Details of Regular Yeltsin-Chernomyrdin Meeting Reported

LD1408172996 Moscow INTERFAX in English 1604 GMT 14 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] Russian President Boris Yeltsin and Prime Minister Viktor Chernomyrdin held their traditional Tuesday meeting in the Kremlin on August 13. During the meeting which lasted for more than an hour, Yeltsin and Chernomyrdin focused on the situation in Chechnya, the presidential press service said in a press release received by Interfax.

Yeltsin and Chernomyrdin also considered problems regarding Russia's economic development, harvesting, the 1996 federal budget and the guidelines of the 1997 federal budget.

The president and the prime minister discussed the structure and the make-up of a new Russian government in detail, the presidential press service said.

Yeltsin approved the Cabinet's new structure and some of the nominees for government positions proposed by the prime minister, the press service said.

Russian presidential press spokesman Sergey Yastrzhembskiy has confirmed that President Boris Yeltsin signed several decrees on new appointments in the government on Wednesday.

This was done following the conversation between Yeltsin and Prime Minister Viktor Chernomyrdin, the spokesman told Interfax.

The presidential decree on new government appointments will be publicized "today or tomorrow," the spokesman said.

A new Russian Government will have four first deputy prime ministers, sources in the Duma close to the government told Interfax on Wednesday.

They said these positions will be offered to Vladimir Potanin, Uneximbank president, Viktor Ilyushin, the Russian president's first aide, and Oleg Lobov and Vladimir Kadannikov, both of whom served in the outgoing government.

According to the sources, Potanin will deal with economic issues, Ilyushin will be in charge of social policy and Kadannikov and Lobov will oversee industry.

Presidential economic adviser Aleksandr Livshits is expected to be appointed minister of finance and deputy prime minister. Acting Minister of Economics Vladimir Yasin is likely to retain his position.

Acting deputy Prime Minister Aleksandr Zaveryukha will remain in charge of agriculture and Aleksey Bolshakov will deal with CIS countries.

The sources also maintained that the leaders of all security and law enforcement ministries and Foreign Minister Yevgeniy Primakov "are likely" to retain their

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portfolios as are the overwhelming majority of other ministers.

At the same time, changes and personnel reshuffling may be made in the ministries of science, education and social welfare.

Sources in the government confirmed that the probability of appointment of Potanin, Ilyushin, Lobov and Livshits is "rather" high. At the same time, they stressed that all personnel changes are the prerogative of the president and, therefore, it would be premature to talk about any appointments before corresponding presidential decree are signed.

The sources also said that key appointments are likely to be announced within the next two days.

Meanwhile, Liberal Democratic Party of Russia leader Vladimir Zhirinovskiy has said that a new Russian Government will be formed as a result of "pouring officials from the presidential administration into the government and vice versa."

Russia will thus receive a "one-party government of apparatus bureaucrats," he told a news conference in the Russian State Duma on Wednesday.

Russians will see nothing new in the government's make-up, Zhirinovskiy said.

"Government policy — destruction of Russia — will be maintained," he said.

Russia: Chernomyrdin Remarks on Security Council's New Structure

LD1508110796 Moscow INTERFAX in English 1035 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 15 (Interfax) — Russia's Security Council will, on President Yeltsin's decision, provide strategic guidance in the efforts to settle the Chechen crisis and is to integrate three new structures, Russian Prime Minister Viktor Chernomyrdin said.

The Security Council, according to Chernomyrdin, will have an operational committee which is to bring together the chiefs-of-staff and other senior officers of the defense, security, and law enforcement agencies, a financial and logistics commission, and a working group which is to bring together representatives of various bodies of the executive branch.

In Chernomyrdin's view, its ample powers allow the Security Council to meet, in the best manner possible, the presidential scenario for a Chechen accommodation.

"Everyone must do his utmost for the settlement of the Chechen crisis," Chernomyrdin said. Competition, however, must be ruled out and the prime minister, according to what he said, has no intention of shifting the burden of responsibility for Chechen developments onto other people's shoulders.

Russia: Chernomyrdin: New Government To Conclude 1997 Draft Budget

LD1508102496 Moscow INTERFAX in English 0951 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 15 (Interfax) — One of the most important issues in the activity of Russia's new government for the near future is to conclude work over next year's draft budget, Prime Minister Viktor Chernomyrdin told a press conference in Moscow Thursday.

The Russian government will consider Russia's draft budget for 1997 on August 22, and it will be submitted to the State Duma on August 31 in line with the legislation.

Chernomyrdin also told journalists that the government in November will submit "a medium-term program of actions" to the State Duma for consideration. Currently it is actively working over "a long-term program" up to the year 2005.

Russia: Yeltsin Edict Grants Lebed Additional Powers in Chechnya

LD1408175496 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 14 Aug 96

[From the "Vremya" news program]

[FBIS Translated Text] Once again we have to close our news bulletin a report concerning Chechnya. At the start of the program we reported that, according to our information, a presidential edict has been signed on additional measures to settle the crisis in Chechnya. We have just received an official release from the president's press service confirming this.

The press service states that a decision has been made to shift the main responsibility for managing the processes of achieving a settlement of the Chechen crisis to the Russian Security Council. Its secretary, Aleksandr Lebed, has been given great additional powers to coordinate the work of the federal executive bodies. The edict says that the president's peace plan, the program to implement it, and the line of achieving a political settlement of the crisis begun at the talks in Moscow and in Nazran, are still in operation.

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Russia: Chernomyrdin: Government To Aid Lebed in Chechen Settlement

LD1508110996 Moscow INTERFAX in English 1046 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 15 (Interfax) — The Russian government is greatly concerned over the situation in Chechnya, Prime Minister Viktor Chernomyrdin told a press conference in Moscow. The Russian government and the Security Council, which has new authorities on the Chechen settlement, "are a single team and are working over one common task."

"Everybody must help Aleksandr Lebed (Secretary of the Security Council) in solving the tasks put by the Russian president," Chernomyrdin said.

The federal expenses for Chechnya must ensure an opportunity for the federal forces to fulfill "those tasks which they encounter in this republic," Deputy Prime Minister and Finance Minister Aleksandr Livshits told a press conference in Moscow.

In addition, it is necessary to finance activity of systems of vital supply in Chechnya. At the same time Livshits said that expenditures for Chechnya "will be within those opportunities which the federal budget has."

Russia: Motives for Giving Lebed Chechnya Job Viewed

MM1508112396 Moscow PRAVDA PYAT in Russian 15 Aug 96 p 1

[Article by Ivan Boltovskiy: "Will Aleksandr Lebed Win the Kremlin Bullfight? Behind-the-Sciences Top-Level Clashes"]

[FBIS Translated Text] B. Yeltsin's presidential election victory was "crowned" by a sharp deterioration of the situation in Chechnya. As if an unseen director, having helped the guarantor of democracy with a short lull, had waved his hand and the drum rolls had begun again. That is the impression you got regarding recent events. But the mass media, as if by collusion, directly or indirectly hinted the same thing — that Aleksandr Lebed was to blame. He did not go to Chechnya in mid-July, as he had promised after his sudden elevation to the post of Security Council secretary — and there was the result!

The clamorous commentators were for some reason not perturbed by the fact that the Council is headed not by Lebed but by the president himself. Premier V. Chernomyrdin is also a permanent member. Or why was Defense Council Secretary Yu. Baturin not mentioned with regard to the events in Chechnya? Nor was he mentioned when he was national security adviser. But Lebed has concentrated immense powers in his hands by becoming simultaneously Security Council secretary and national security adviser — so the newspapers and the television say. Yes, but all decisions by the head of state in the main avenues of domestic policy — and foreign policy, incidentally — are drawn up by the Presidential Staff apparatus and, above all, by its leader A. Chubays. And Chubays' deputy Yu. Yarov coordinates the work of the president's advisers, including Lebed. How many bosses does the general have? At least three. Ask them why there is no peace in Chechnya.

But it is not at all difficult to understand why Lebed was in no hurry to go to Chechnya. We need only recall what he said about the war this spring: "In terms of the big picture the war in Chechnya is a mafia showdown at state level. Its roots are primarily economic, then political, and only then military. If the economic and political roots are eradicated, the problem will be solved." He clearly said that the war should be fought not in Chechnya but in Moscow, and not at Moscow's markets but in the corridors of power.

It is impossible to pacify Chechnya without solving a whole range of problems relating to the country's national security. And, pride of place, of course, goes to the economy. Against this overall backdrop Chechnya is shocking only because of its human casualties, but the material losses in the region are a normal phenomenon.

As a result of hasty and often criminal privatization, the state has suffered damage running to 10 trillion rubles [R]. In the banking sphere more than 10,500 crimes have been committed, depriving the treasury of R120 billion. And that was last year alone. This kind of list could be extended ad infinitum. Even more so if, according to figures from the Academy of Natural Sciences, 40 percent of enterprises and around 70 percent of commercial structures are involved in the criminal sphere. More than 40,000 economic entities are controlled by the mafia, and 600,000 people are now members of the criminal world — equivalent to 40 divisions in the last war! And all these are just the surface manifestations.

At the July Federation Council hearings on the problem of national security, Ye. Kozhokin, director of the Russian Strategic Studies Institute, warned that Russia could soon be deprived of its fuel and raw-material resources, which are being eyed up by Western corporations. The picture of foreign expansion was supplemented by V. Markomenko, deputy director of the Federal Government Communications and Information Agency. According to him, a real information war is being waged against Russia. Along with electronics, chips are being imported to our country which, one fine day,

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could paralyze the entire state administrative system. The West's appetites when it comes to the country's resources are deterred solely by its nuclear weapons. This was roughly the conclusion drawn by Foreign Ministry spokesman V. Lukov. The result of the discussion was summed up by L. Shershnev, president of the National and International Security Foundation, who said that the main source of the threat to Russia's security comes from "its own devilish power."

How can we fail to agree with this when A. Chubays, the organizer of the predatory privatization, as recognized by the State Duma Comptroller's Office, has effectively become the number two man in the state and perhaps, as certain people are saying, the number one? And when A. Kazakov, the latest chairman of the State Committee for the Management of State Property, who recently tried to unload the Russian Agricultural Academy building on V. Zhirinovskiy, has been rewarded with the job of deputy to Chubays, with whom he began the "glorious" privatization?

The Chechnya conflict has riveted public attention, and is overshadowing the large-scale war which the Kremlin and its counterpart — the West — are waging against the Russian people. This is probably why they are trying to "lock in" Lebed to Chechnya, so as to stop him poking his nose into "other people's" affairs. In the hope that the general will break his neck, as Aleksandr Ivanovich said, when he learned that he was to be the president's plenipotentiary representative in Chechnya on top of everything else. He was roped in while he was negotiating with A. Maskhadov!

According to certain information, the catalyst for the new spiral of combat operations in Chechnya was the transfer there of a major grouping of mojahedin from the calmer Balkans with the mediation of Turkey and the tacit consent of the United States. If this is accurate, the Security Council secretary will have to do some hard thinking. But it would be better if everyone did some thinking — it is not just General Lebed who is ashamed of our country.

Russia: Lebed Flies to Groznyy for Working Visit

LD1508050996 Moscow ITAR-TASS in English 0449 GMT 15 Aug 96

[By Andrey Surzhanskiy]

[FBIS Transcribed Text] MOSCOW August 15 (Itar-Tass) — Aleksandr Lebed, Secretary of the Russian Security Council and official representative of the President in Chechnya, flew to Groznyy today in the morning for a short working visit. He is expected to have a meeting with head of the Chechen Republic Doku Zavgayev. Previously Lebed had talks with chief of staff of the Chechen militants Aslan Maskhadov. During the talks, held last Sunday, they agreed to announce ceasefire and the turning over of the dead and the wounded without preliminary conditions.

Military & Space Issues

Russia: Yeltsin Reassures Baltic Fleet, Kaliningrad of Support

WS1408121396 Kaliningrad STRAZH BALTIKI in Russian 27 Jul 96 p 2

[Unattributed interview with Russian President Boris Yeltsin "according to materials by the INTERFAX agency and STRAZH BALTIKI correspondents; place and date not given: "Peter the Great Did Not Hack Out a Window to Europe So That We Nail It Up Now"]

[FBIS Translated Text] [Correspondent] **What is the Russian president's opinion about the significance of the Navy in Russia's current life?**

[Yeltsin] Russia has been, is, and will be a great maritime power. Without a powerful Navy, it would be unthinkable of protecting our country's national interests, security, economic and cultural development. A restored Russia should rest upon military power that would enable her to defend its sea borders and protect its sea navigation and fishing. We have no territorial claims to anybody, but we also will not accept any territorial claims made on us. I confirmed this recently during my trip to our westernmost point — Kaliningrad.

Thus, Russia will sternly react to all attempts to change the status of the Black Sea straits and to transform the Black Sea into one more springboard for navies of NATO and non-Black Sea countries.

[Correspondent] **How do you assess the role of one of the oldest fleets — the Baltic Fleet — in the region?**

[Yeltsin] You are performing a responsible mission — that of ensuring security of our country in the Baltic Sea, in Russia's westernmost region. Kaliningrad Oblast is a Russian soil. Nobody should doubt this.

It was there, in the Baltic Sea, where Russia asserted herself as a great maritime and great world power. This was so, and this will continue to be so!

The recent visit to the "Petr Velikiy" cruiser in St. Petersburg convinced me one more time that it is necessary to strengthen the Russian Navy.

I want to tell all those having doubts that Russia will not withdraw from the Baltic Sea and that we will strengthen and develop our naval base in the city of

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Baltiysk. Peter the Great did not hack out a window to Europe and access to the Baltic Sea so that we nail this window up now.

Of course, Russia opposes even a hypothetical possibility to extend the sphere of NATO influence to the Baltic countries. I have recently proposed to U.S. President B. Clinton that the U.S. side use all possibilities to explain our concern over this problem to Lithuania, Latvia, and Estonia.

[Correspondent] **What is the president's view of the resolution of those complex problems that are worrying the fleet today?**

[Yeltsin] I know that our fleet still has a lot of problems; we are taking urgent measures in order to resolve them. I also know about the unresolved and "long-term" character of fleet programs, including such an important one as providing housing to seamen. Beginning next year, the subsidizing of the Navy will be a separate item in the federal budget. In this way, we will be able to resolve the task of maintaining the combat readiness of naval strategic nuclear forces as well as ensuring the construction of new ships and a long-term development of the Navy. I will control these issues personally. Despite the difficulties, you serve Russia with honor. Society is fundamentally changing its attitude to the Armed Forces; respect for the Russian soldiers and seamen is being restored. This respect will be bolstered by a strong state policy in the defense sphere and by military reform.

The glorious Russian Fleet is already 300 years old. You are meeting this anniversary suitably.

I wish to you — the naval seamen — health, happiness, and successes for the glory of the Russian Fleet and the good of our Fatherland.

Russia: Duma Deputy Interviewed on Army Reform, Lebed, Chechnya

LD1408150696 Moscow ARGUMENTY I FAKTY in Russian Aug 96 No. 33, (signed to press 13 Aug 96) p 3

[Interview with Colonel General Eduard Vorobyev, Russian State Duma deputy, by Aleksandr Kondrashov; place and date not given: "Out Loud About the Army"]

[FBIS Translated Text] [Kondrashov] You are known to have refused to lead the group of Russian troops in Chechnya and to have been dismissed from the Army for your refusal to fulfill Pavel Grachev's order. You are even said to have been summoned by an investigator. Is this true?

[Vorobyev] Not quite. I submitted my resignation myself, but I did actually talk to an investigator. The procuracy found nothing wrong in my actions and issued the appropriate document in this regard.

[Kondrashov] You were commander of the peacekeeping troops in the Dniester region and Tajikistan. There the armed conflicts were successfully localized. Why is there not the same success in Chechnya?

[Vorobyev] There are many reasons. One of them is that there is no mechanism for a cease-fire. Unfortunately, the Dniester experience is not taken into account for some reason. What did we do there? After agreement was reached on a truce, a trilateral commission was rapidly created to monitor its implementation. Groups of observers were set up. They consisted of representatives of the two warring sides and the Russian peacekeepers. The observers strictly monitored the implementation of the cease-fire agreement. There was a rapid reaction to every exchange of fire. It was also established who opened fire, and violators of the cease- fire were dealt with jointly. The local population was efficiently told about this through the press; public opinion was formed in the same way. It was clear immediately who wanted peace and who was aiming for a continuation of the war.

Military Reform

[Kondrashov] How can the state of affairs in the Army be improved? After all, many servicemen are simply in despair. There is no money but there is a wealth of protectionism and injustice. What are the very first steps that you would advise the new defense minister to take?

[Vorobyev] Stock-taking is needed to begin with, then getting the government to settle debts to the military. Igor Rodionov was right to say at the meeting at the ground troops main command that the Army cannot come cheap. Only "cannon fodder" comes cheap.

People need to be stirred, to be given the hope that justice will triumph. In order for this to happen, officers and generals need to be reassessed. However, not like it used to be done, with the obligatory involvement of the officers' assemblies. The conclusions of the assessment should be confirmed not only by the senior commanding officer, but by the military collective too.

It is time to move the whole sergeants' corps onto a contract basis. For example, it is precisely on professional junior commanding officers that the army in the United States is maintained.

[Kondrashov] What do you think of the idea of joining together several power departments, within the framework of military reform? Let us say, fulfilling Grachev's

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long-held dream of merging the border guards with the Army.

[Vorobyev] Such innovations will bring no benefit. Every power structure fulfills its own, specific functions. For example, border guards carry out military tasks in guarding and defending the state border but they also work within parameters of the special services: They catch spies, smugglers, arms and drugs runners. The Army is not qualified for all this. Or take letting citizens across the border. I was told that previously 4 million people used to cross it a year, but now 73 million people do. Unmanageable monster-departments must not be artificially created. This is what military reform is needed for — to skillfully coordinate the efforts of different power structures. I think the Defense Council could do this.

Lebed and Rodionov

[Kondrashov] Eduard Arkadyevich, you first became well-known when you headed the commission on reorganizing the 14th Army. Do you think General Aleksandr Lebed holds this against you?

[Vorobyev] I do not think so. I welcomed Gen. Lebed's appointment to his current posts. I think he is a strong-willed, decisive person who is not afraid of taking on the highest responsibility. He has shown this by his actions in the Dniester region.

[Kondrashov] But an army is not a state. Will he be up to conducting deep military reform?

[Vorobyev] I think a civilian should undertake reform of the Army. The weight of tradition and stereotypes weighs heavy on the generals. It is more difficult for them to break what is obsolete but habitual. Each one of us is involuntarily lobbying for some or other corporate interests.

[Kondrashov] You are said to have known the defense minister for a long time. But you are a democrat and he used to be considered a "red." What are your relations with Igor Rodionov now?

[Vorobyev] Rodionov is a "great power person" [derzhavnik]. He and Lebed have the same views on this. I respect their positions. Igor Nikolayevich and I served side by side for a long time. We commanded neighboring regiments in the Carpathian Military District, then he became my division commander. He reached his high position today without pulling any strings.

Corruption

[Kondrashov] When you left the Army, you left the position of first deputy commander in chief of the ground troops. Before that you were the commander of the Central Group of Forces and withdrew them from Czechoslovakia. You cannot be a poor man. Do you have a dacha, a car, and some kind of fund like Gen. Matvey Burlakov?

[Vorobyev] In 1991 I bought a wooden frame, six by six, in Solnechnogorsk near Moscow, and built an attic on it. The insurance company thought my "hacienda" was worth 70 million rubles.

I have a little Zhiguli car, which I bought in 1989. I am not the head of any funds and have no links with structures like that.

[Kondrashov] Unprecedented abuse and theft are known to have accompanied the withdrawal of troops from abroad. Have any complaints been made against you in this regard?

[Vorobyev] No. Neither I nor my subordinates were involved in selling property or any other kind of commercial deal. Such matters were within the competence of people sent specially from Moscow.

I can see that you are smiling suspiciously. Of course, there probably were some isolated incidents. For example, someone speculated in cars, but we had no mass corruption. So, Moscow ways shocked me. I do support Lev Rokhlin's report in which he gives harsh, but fair assessments of the behavior and activity of individual, senior generals.

Russia: Admiral Views Tasks, Achievements of Baltic Fleet

WS1508095896 Kaliningrad STRAZH BALTIKI in Russian 27 Jul 96 p 3

[Interview with Admiral Vladimir Yegorov, Baltic Sea Fleet commander, by Captain 2d Rank Valentin Yegorov; place and date not given: "The Russian State Needs a Powerful Navy"]

[FBIS Translated Excerpt] [passage omitted] [Valentin Yegorov] **It is no secret that many think that the fleet's tasks have changed nowadays. There are no "probable enemies" typical of the recent past, and the fleet itself has changed....**

[Vladimir Yegorov] The fleet's tasks remain unchanged: the protection of our country's external borders. We should be aware that great powers maintain quite powerful naval forces not only for war, but primarily to prevent it and to protect their political and economic interests. Russia, too, needs its Navy for these purposes. Our fleet in the Baltic Sea is capable of fulfilling these tasks.

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Yes, over the past decade the numerical strength of the fleet personnel decreased by approximately a factor of two, while that of the ships' crews decreased threefold. Instead, the Baltic Sea Fleet has been optimized and rejuvenated; 75 percent of its ships are not older than 15 years, all of them are in good condition and commanded by professionals. The availability of such a fleet in the region ensures the status of a maritime power for Russia and confirms her ability to defend her political and economic interests. Taking advantage of this occasion, I will quote names of some unit and formation commanders who permanently achieve high results in combat training. They are V. Apanovich, O. Demyanchenko, A. Kletskov, A. Turchin, N. Artamonov, V. Lisafyev, A. Boykov, Ye. Kumskov, V. Yermolayev, and many others. This is, of course, an incomplete list — the fleet values the effort of everybody, nobody is superfluous.

[Valentin Yegorov] **Continuing with the topic of changes in the fleet, I cannot but touch upon the following question: Not only political realities, but also ship designs have been changed. People have changed, too. Nowadays the ranks are filled by young people educated according to different ideals. Does this not affect the situation in military collectives and the combat readiness of ships and formations?**

[Vladimir Yegorov] This seems to be a not fully correct opinion, albeit it is repeated quite often. We have no reason to reproach the young men joining the fleet at present, at least the overwhelming majority of those serving in the fleet. They study military specialties deeply, suffer the burdens of service with fortitude, and display courage and selflessness while performing their military duty. These are not only words. Remember that the Baltic Fleet marines have been tested in Chechnya and passed a demanding exam of their civic maturity and military skill. Almost 1,500 Baltic Fleet marines have taken this test; 46 of them have not come back from this war, but not one — I emphasize — not one of them should be reproached for political immaturity or lack of courage. The fleet may be proud of such men, the fatherland's true citizens.

The marines are the most striking example. However, I could cite dozens of examples from the training practice of other fleet units and subunits, which testify to the fact that the current generation of seamen has chosen the true course in their life and service.

Yes, today patriotism is spoken of less often that it should be, but the point is deeds, not words. The fleet's real life and service show that the traditions of patriotism are still alive.

It is another matter that in recent years we have not seen any strict and compatible government policy oriented tov.ard educating the young generation, including those men who fulfill their constitutional task of defending the fatherland. Over these years, educational structures have been subjected to such a multistage system of reforms that the government has virtually stopped implementing its course in educational issues. Only recently, we have heard from the president that we should have a state ideology. One would like to believe that the time of destruction has passed and that we are facing a time of stabilization and restoration of the best traditions. [passage omitted]

[Valentin Yegorov] **With what achievements will the Baltic Fleet meet Navy Day? What is the commander's mood in connection with this?**

[Vladimir Yegorov] We have successfully concluded the first stage of combat training. We have concluded it with a mustering cruise [sbor-pokhod] of over 40 surface ships, 12 auxiliary ships, and about 30 aircraft. All battle drills were performed during bilateral tactical exercises with mutual support. The exercises climaxed with airborne and seaborne assault landings of over 500 troops.

The beginning of the summer period of combat training is taking place at quite an intense pace, with stress laid on qualitative parameters. The recent participation of the "Nastoychivyy" destroyer in the "Baltops" international exercises demonstrated that our seamen are not inferior to their colleagues from NATO countries and even surpass them in some skills.

Naturally, these episodes might have provided a reason for optimism and a holiday mood had it not been for the quite depressing fact that the selfless effort of fleet officers, warrant officers, sergeants, and sailors is not sufficiently remunerated. The crisis situation in subsidizing the fleet is known to everybody who should know it; the [fleet] command and the military council constantly report on it to the chief commander and the Defense Ministry.

Early this week, I had a conversation with the defense minister, particularly about financial difficulties. He promised that the fleet will soon receive funds to pay remuneration for June and July.

Yes, the current times are hard. But we have to live through them, as we have lived through even harder ones. [passage omitted]

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Russia: Communication Satellite Launched From Plesetsk Cosmodrome

LD1508074496 Moscow INTERFAX in English 0730 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 15 (Interfax) — A Molniya-M reusable booster with a Molniya-1T communications satellite was launched at 2:21 a.m. Moscow time from the Plesetsk cosmodrome (the Arkhangelsk region) by Russia's Military Space Forces. The satellite will ensure long-range telephone communication.

The satellite was launched in the interests of Russia's Defense Ministry and Communication Ministry. It will be boosted into a highly elliptical orbit.

The four-stage reusable booster of the Molniya-M class is able to carry a 1.9-tonne cargo into orbit. It was produced at the state scientific-industrial rocket-space center TsSKB-Progress (Samara, Russia's Volga region). The Molniya-1T satellite was manufactured at the scientific-industrial association of applied mechanics (Zheleznogorsk, the Krasnoyarsk territory).

This is the 200th successful launch of a Molniya class rocket, the first one being launched in February 1970. It has not had any failures over the time of its exploitation, according to the Military Space Forces.

Regional Affairs

Russia: Lebed Views Yeltsin's Decree, Reinforcing Chechnya Cease-Fire

LD1508094296 Moscow Russian Television Network in Russian 0700 GMT 15 Aug 96

[Commentary by A. Zavyalov; from the "Vesti" newscast]

[FBIS Translated Text] Let us recall that, on Wednesday, Boris Yeltsin signed a decree on additional measures to settle the crisis in the Chechen Republic. The document sets out a new plan for resolving the conflict. The extension of the powers of the secretary of the Security Council, in which Aleksandr Lebed sees the president's sincere wish to end the war, has become possible thanks to the abolition of the earlier structures that had not justified their existence. An operational headquarters has also been set up under the Security Council to coordinate the actions of the "power" departments, and representatives from them will be members of it.

[Begin A. Lebed recording] The sides have confirmed that the firing has basically stopped. Everything had ended by 1400. Now we must boost our efforts to reinforce what has been achieved, to separate the warring sides, to reinstate the Nazran agreements, to possibly reach new agreements, to withdraw the troops from there as was planned earlier, to remove the roadblocks, and to get life organized. [end recording]

But Aleksandr Lebed has allowed for the possibility that, despite the weariness of most of the population of Chechnya with the war, an agreement with individual members of the opposition's armed formations may not be forthcoming.

Russia: Lebed Arrives in Groznyy To Meet With Separatist Leaders

LD1508105396 Moscow INTERFAX in English 1032 GMT 15 Aug 96

[FBIS Transcribed Text] KHANKALA (suburb of Groznyy), Aug 15 (Interfax) — The president's envoy to Chechnya and secretary of Russia's Security Council Aleksandr Lebed arrived in Khankala Thursday morning to study developments in Chechnya's capital on the spot.

In an interview he gave Interfax correspondent Vyacheslav Terekhov on board his plane Lebed said during his trip he would like "to study in detail the problems faced by federal troops" and conditions they have to serve in. Lebed is planning to visit hospitals and barracks.

He is also planning to confer with the command of federal troops in Chechnya. During his meeting with the acting commander of federal troops General Konstantin Pulikovskiy and other senior officers, Lebed will learn what they think about the reasons for "the latest outbreak of hostilities in Groznyy and ways to cope with the consequences of aggravated tensions."

Lebed rejected a simplistic version of recent events in the republic. "The overall picture must not be painted on the basis of isolated facts." On both sides, he explained, there are people "ready to stage outrages in defiance of norms of criminal legislation, let alone the norms of generally-accepted morals."

Lebed's tentative plans for Thursday include the possibility of a meeting with separatist commander Aslan Maskhadov and with field commander Shirvani Basayev. The possibility of his meeting with separatist leader Zelimkhan Yandarbiyev is not ruled out. "At least Yandarbiyev himself has proposed such a meeting," Lebed's aides told Interfax's correspondent.

Nationalities Minister Vyacheslav Mikhaylov is also taking part in the trip. The latest developments in Groznyy "have seriously complicated solution to the Chechen problem," he said. According to him, on the one hand, "a syndrome of victory slipping away" has begun to plague the Russian military. The rebels who

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invaded Groznyy have about the same feeling, he said. These strong feelings raise the level of intransigence between the two sides, though the aggravation of hostilities in Groznyy "clearly shows" that to resolve the Chechen problem militarily is impossible, Mikhaylov said.

The possible meeting between Lebed and Maskhadov will help to find answers to the question of why hostilities in Chechnya intensified recently, and where concrete ways to halt the armed struggle and disengage the warring sides lie, the press secretary of Russia's Security Council Aleksandr Barkhatov told Interfax's correspondent.

Russia: Lebed Meets Law Enforcement Representatives in Chechnya

LD1508103896 Moscow INTERFAX in English 1028 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 15 (Interfax) — Secretary of the Russian Security Council Aleksandr Lebed, now on a brief visit to Groznyy, is holding a meeting of representatives of the federal law enforcement bodies at Khankala, Russian Interior Minster Anatoliy Kulikov told reporters in Moscow on Thursday.

He described the situation in Groznyy as complicated, though relative calm reigns elsewhere in Chechnya. He put the rebel strength concentrated in the city at about 2,000 and number of Russian troops at 7,100.

The minister expressed regret about an inconclusive meeting on Wednesday between acting Russian army commander Kostantin Pulikovskiy and Chechen military commander Aslan Maskhadov.

He said 12 Russian soldiers were taken prisoner in an apartment block in Groznyy on Wednesday. Five policemen carrying food and medical supplies and helping to evacuate the wounded were taken hostage about noon on Thursday.

For his part, Russian Defense Minister Col. Gen. Igor Rodionov said the situation in the republic is under Russian control. On the prospects of a peace settlement, the minister said the main task now was to sit down at the negotiating table as long as necessary and without shooting.

Russia: Chechnya's Maskhadov Says Russian Leadership Obstructs Lebed

LD1508112496 Munich ARD Television Network in German 1800 GMT 14 Aug 96

[Report over video by Joerg Hafkemeyer with recorded remarks by Chechen opposition commander Aslan Maskhadov; Maskhadov speaks in Russian with superimposed German translation]

[FBIS Translated Excerpt] [passage omitted] [Maskhadov — identified by caption] The only one with whom we could have come to such an agreement was Aleksandr Lebed. He does not have the blood of Chechen or Russian soldiers on his hands. Lebed can end the war with us. [passage omitted]

Still, we trust Lebed up to a certain point but we do not trust the Russian leadership because they obstruct Lebed. We have seen this today. Those circles in Moscow want to obstruct him to such an extent that in the end our talks produce nothing. [passage omitted]

Russia: Lebed's Enhanced Chechen Role Said Facing Opposition

LD1408140796 Moscow Radio Rossii Network in Russian 1000 GMT 14 Aug 96

[FBIS Translated Text] This afternoon Lebed had a personal conversation with the president. However, there is no report that the decree on increasing Lebed's powers in Chechnya has already been signed.

Let me remind you that Lebed's plan is based on three principles — extensive powers for the Security Council, separating the warring sides as the first step, and the creation of a broad representative body to work out further measures for a settlement. What sounded clear and simple in the general's mouth two days ago is faltering in practice. Here is a commentary by Sergey Pashkov:

[Pashkov] The draft decree drawn up by Lebed's apparatus still remains just a draft. It is said that Anatoliy Chubays was strongly opposed to its signing and it is he who decideds whether documents are ready for approval by Boris Yeltsin.

The problem is the expansion of the powers of the presidential representative in Chechnya on which Lebed is insisting. Up to now it has been considered that the coordination of the activities of all bodies of state power, including the command of the army, the organization of financing and the implementation of restoration work and also supervision of the activity of federal delegations at the talks on a settlement were outside his power. In any event Oleg Lobov who preceded Aleksandr Lobov in his post did not enjoy half these powers.

Representatives of the general staff to whom the secretary of the Security Council counted on transferring the control of all the diverse units in the region also expressed a certain degree of bewilderment. Up to now

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the coordination of the armed actions in Chechnya has been exercised by Interior Minister Anatoliy Kulikov with his deputy, Col-Gen Golubets, is in charge of operations on the spot. It is possible that those in the power-wielding ministries also do not like Lebed's attempts to carry out personnel changes on their patch.

However this may be, Aleksandr Lebed had to spend most of the day in Government House, again working with Igor Rodionov, Anatoliy Kulikov, and Sergey Stepashin on the draft presidential decree.

In opposing the introduction of a state of emergency in the republic and ruling out the use of Defense Ministry units to support the regime, Lebed will come into conflict with the State Duma and the Prime Minister.

The separation of the warring sides in Groznyy is not going well either. And Aslan Maskhadov is declaring that he intends to fight for Chechnya's secession from Russia.

The well-constructed plan is falling apart before our eyes. However, Lebed's stubbornness and influence and the Security Council secretary's understanding that his political reputation is at stake makes one refrain from drawing final conclusions.

Russia: Power Ministries Seen Opposed to Lebed's Settlement Plan

MK1508115696 Moscow SEGODNYA in Russian 15 Aug 96 p 2

[Report by Pavel Felgengauer under the "Military" rubric: "Change Proposed by the Security Council Secretary Does Not Suit the Power Ministries. The Internal Affairs Ministry Plans To Mop Up Rebels in Groznyy"]

[FBIS Translated Text] The new concept of a settlement in Chechnya, proposed by Aleksandr Lebed, has encountered resistance on the part of various power agencies. Sources assert that the idea of setting up a semblance of a standing supreme high command on the basis of the Security Council, to which the General Staff is to be operationally subordinated, runs counter to the current legislation and makes no sense at all. The Moscow-based General Staff cannot efficiently command and control the operations of all the power agencies in Chechnya, including Federal Security Service operatives, militia personnel, and so forth. Furthermore, the Defense Ministry and some other agencies joined in the cautious but audible criticism of "certain aspects of General Lebed's announced plans." On Monday, Mr. Lebed said that the president would sign an edict on Chechnya "not later than Tuesday," but the process of reaching an interagency consensus is proceeding with difficulty, and the final version will probably be different from the original draft. The critics of Aleksandr Lebed's plan claim that, as the presidential representative in Chechnya, he already has sufficient authority in accordance with an edict signed in August 1995. Under this document, "directives issued by the plenipotentiary representative within the scope of his jurisdiction are binding on the federal agencies of executive authority, the command of military units, other security forces, and so forth." He can also demand that "the federal agencies of executive authority attach the requisite specialists, law-enforcement officers, and servicemen" to the Security Council in order to set up a coordinating quasi-staff. But, as Vladimir Rubanov, former deputy Security Council secretary, told your SEGODNYA correspondent back in the spring, when the mission of Oleg Lobov, the first presidential representative in Chechnya, had effectively fizzled out, "Lobov had no real authority, only the right directly to report to the president." For this reason he could not succeed. Yet the whole problem boils down to the fact that no agency wants to give Mr. Lebed the right to dismiss chiefs, up to the level of deputy ministers, at his own discretion — let alone turning the General Staff over to him for operational control. General Lebed did much to have Igor Rodionov appointed defense minister. But it would be naive to think that Mr. Rodionov, who enjoys huge authority among rank-and-file servicemen and generals, will always fully back Mr. Lebed on all occasions. However, interagency differences on one question or another do not mean a break or a serious quarrel between the generals, far from it. Particularly so because there are no serious differences as far as long-term, strategic questions of the Chechen settlement are concerned. In the meantime the General Staff made a decision not to reinforce the group of Defense Ministry forces in the region. The Internal Affairs Ministry, however, continues beefing up its forces in the hope of gradually forcing the Chechen rebels out of Groznyy by using assault groups. General Staff chiefs say that up to 60 percent of the Chechen militia went over to the enemy's side during the fighting. Yet sources at the Internal Affairs Ministry assert that whole detachments of the Chechen militia have reappeared, claiming that "they were encircled." It seems that some employees of the Chechen Internal Affairs Ministry have in fact doggedly and desperately fought with the separatists — 12 of their men have been killed. Sources at the Internal Affairs Ministry think that the rebels have lost more than 550 men, that their resources are exhausted, that they are running out of ammunition, and that they have many men wounded (recently 30 wounded Chechens were reportedly taken prisoner in a Groznyy hospital). For this reason they think at the Internal Affairs Ministry that, currently, any

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truce agreement that would legalize the presence of the rebels in Groznyy is absurd and inherently unrealizable. In the meantime, Groznyy, as is well known, is part of the Internal Affairs Ministry's area of responsibility.

Russia: Rodionov, Kulikov Say Talks With Chechens Should Continue

LD1508104996 Moscow ITAR-TASS in English 1019 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, August 15 (Itar-Tass) — Talks with Chechen separatists should be continued as long as necessary, the Russian defense and interior ministers, Igor Rodionov and Anatoliy Kulikov, said at a news conference today.

Kulikov voiced regret that the Wednesday meeting between Konstantin Pulikovskiy, the commander of federal forces in Chechnya, and separatist military leader Aslan Maskhadov "has not provided any real results."

Kulikov said rebels took hostage 12 servicemen of interior troops on Wednesday and seized five policemen, who were evacuating the wounded, earlier on Thursday.

He told the conference that the Russian president's new envoy for Chechnya, Aleksandr Lebed, is now meeting with military commanders at the Khankala base over a cease-fire.

Kulikov described the situation in Groznyy as complex, adding that a relative calm is holding in other parts of Chechnya.

General Rodionov said federal forces are in control of Groznyy.

"Today, the main task of federal forces is to stop the shooting and sit down at the negotiating-table. And to sit at this table as long is it is necessary in order to find a way out of the situation as it is now, with the preservation of Chechnya's status as determined by the Russian constitution," Rodionov said.

Russia: Separatists Claim Chechen Cease-Fire 'Largely' Observed

LD1508081796 Moscow INTERFAX in English 0743 GMT 15 Aug 96

[FBIS Transcribed Text] GROZNYY, Aug 15 (Interfax) — A cease-fire agreement reached between the warring sides has largely been observed in Groznyy in the past 24 hours, said the separatists' central command post Thursday morning.

"Sporadic exchanges of fire" were noted in some areas of confrontation in Groznyy, a spokesman for the post told an Interfax correspondent.

They were also registered in Argun (a town 15 kilometers east of Groznyy) on the line of confrontation between the rebels controlling the town and federal troops holding positions along the River Argun 1.5 kilometer away from the town's western suburbs.

The situation was also "stable" in the area of Shatoy in Chechnya's south and in the area of Bamut in western Chechnya, the Chechen spokesman said.

According to him, "nothing extraordinary" took place in Chechnya's second-largest city Gudermes, whose eastern suburbs are held by a unit under Salman Raduyev.

The agreement to cease fire along the line of confrontation Wednesday noon was reached on Tuesday the 13th between the acting commander of federal troops Konstantin Pulikovskiy and separatist commander Aslan Maskhadov.

On Thursday Maskhadov ordered to form a group to monitor the ceasefire.

Earlier, on Wednesday, the two sides proclaimed the need to carry out joint inspections as to the violations of their agreement.

Russia: Chechen Separatists' Radio Exchanges Show Duplicity

LD1408213196 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 14 Aug 96

[From the "Vremya" news program]

[FBIS Translated Text] Chechen separatist fighters today blew up some rail track in Groznyy, fired on Russian subunits in Argun, and were shooting in four districts of the Chechen capital. Against this background, a statement by the separatists that, on the whole the cease-fire agreement is being observed, makes one doubt the sincerity of their intention to end the bloodshed. This duplicity is confirmed by radio intercepts. This report by our colleagues from the Russian Interior Ministry's internal troops press service tells of the contents of the intercepts.

[Begin recording] [Correspondent Vasiliy Panchenkov] Beginning at 2200 yesterday, Aslan Maskhadov circulated orders on the radio to the separatist fighters' field commanders to cease fire. However, at 0130 today [2130 GMT 13 August], the military intercepted a radio exchange. Someone using the callsign Sever [North] was reporting to one of the field commanders. We give a translation:

Who is located by No. 12 Trust? He is shouting that the Russians are there and that he has only one grenade left.

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Strengthen your posts so that people do not think that we do not want to halt the war. All this is being done for that purpose. Now, wherever there is movement, strike at them, but do not report it over the radio. Refrain from doing that.

Four hours had not elapsed before at dawn, the fighters, using small arms and grenade launchers, fired upon the military cantonment of an internal troops battalion from three sides in the vicinity of Argun. The attackers were partially wiped out and dispersed, but according to preliminary reports this bandit foray cost the lives of six servicemen. [end recording] [Video shows Aslan Maskhadov standing in group talking to Konstantin Pulikovskiy; separatist fighters crouching down in ruined building and shooting at Russian troops; view from window of devastated buildings; dead bodies in the street]

Russia: Chechen Government Issues Statement on 'Provocative Rumors'

LD1408134996 Moscow Radio Rossii Network in Russian 1300 GMT 14 Aug 96

[FBIS Translated Text] The government of the Chechen Republic in Groznyy issued a statement today. Timur Muzayev, representative of the Chechen Republic's permanent mission under the Russian president, tells you what it says.

[Muzayev] The supporters of the separatists in Groznyy are putting out provocative rumors about the relinquishing of powers by the current leadership of the Chechen Republic, the evacuation of the legitimate government of the Chechen Republic to Moscow, and the handing over of power in Groznyy and the whole territory of the republic to the so-called government of Ichkeria. Moreover, an order of the minister of internal affairs of the government of Ichkeria is being issued on the dissolution, until 1 September, of the Ministry of Internal Affairs of the Chechen Republic and the creation of a ministry of internal affairs of Ichkeria. The supporters of the separatists are broadcasting this order by portable radio transmitters to members of the militia, threatening them with shooting for insubordination to the rebel leadership. Quoting Aleksandr Lebed, secretary of the Security Council of the Russian Federation, they are telling Russian troops at control points that an agreement has been reached on the withdrawal of Russian troops from the Chechen Republic and the handing over of power to the Ichkerian government. In this connection, the Chechen Republic government states that the leadership and government of the Chechen Republic, headed by Doku Zavgayev, continues to work in Groznyy, take all measures to end the bloodshed, and save the lives of the republic's civilians.

The leadership of the Chechen Republic believes that the separatists' supporters are issuing provocative information in the hope of creating panic among the population and hoodwinking members of the republican Internal Affairs Ministry. The Chechen Republic leadership also condemns the use by separatist supporters of the name of Russian Security Council Secretary Lebed to inflame tension in the republic.

Russia: Pain: No One Will Compromise To Settle Chechen Crisis

LD1408222796 Moscow Mayak Radio Network in Russian 1545 GMT 14 Aug 96

[FBIS Translated Text] Now about the latest events in Groznyy again. How can one assess the political situation that has arisen there after the heavy fighting of the past few days. Our correspondent Lidia Podolnaya put this question to a member of the Presidential Council Emil Pain.

[Begin recording] [Pain] It is very difficult to assess the situation in Groznyy. If one is to draw some kind of analogy, it resembles Port Arthur, i.e a crushing defeat. The political basis of the present authorities has been substantially undermined. I think the Chechens have their gloomiest ever view of the federal authorities for the past 18 months, and what is most horrifying is that the number of casualties — though there are no precise figures — both among servicemen and especially among civilians are the largest for the past year and a half, according to experts.

[Podolnaya] One can probably give several reasons.

[Pain] There are the main operational and strategic reasons. If one is to talk about the operational reasons, they are linked to the fact that some part of the army, the top brass, adopted the Nazran agreements just to coincide with the elections, and as soon as the elections were over, they launched a resolute attack on the Nazran agreements. I do not know who gave [Commander] Tikhomirov the right to call Mr. Yandarbiyev a bandit. We are talking here about the man who had talks with the president just over a week beforehand. And after Tikhomirov issued his ultimatum, everything was done to wreck the Nazran agreements.

There are also strategic reasons for this. First, there is an attempt to systematically and deliberately portray the militants as a weak force, i.e., downplay their potential. Then there has been the focus on a final destructive strike, and overestimating the ideas for enforcing peace, and also the failure to realize that after the enforcing, the number of avengers will increase. Then there has also been the focus on holding the elections, by-passing

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the armed Chechen opposition — I mean the elections held by Zavgayev — and the failure to understand or a deliberate refusal to accept the fact that the armed Chechen opposition is a heterogeneous political force which consists of moderates and irreconcilables. In addition, there has also been a refusal to have anything to do with or any contact with the irreconcilables. Finally, the most important fact is that neither our society nor our state have mechanisms which can prevent peace agreements being wrecked. I think this last point is the most important.

[Podolnaya] Do you think the introduction of a state of emergency in Groznyy can have any effect now?

[Pain] I would like our listeners to answer this question. I will just give the arguments for and against it. The arguments against it are the following: The armed Chechen opposition is against it at present and we understand why. They say that Ichkeria is an independent state and it is unacceptable for Russia to introduce a state of emergency. The army is also against it because it cannot stay in the zone under the conditions of a state of emergency. Who then would be in favor of it? The residents would because any law is better than the complete absence of any law. In fact there is already a state of emergency in Chechnya though no one has actually introduced it and no one is regulating or controlling it. The most important point is that a state of emergency would have provided more opportunities to the pesidential envoy, let's say, to exercise governing functions and fewer to the present Chechen leadership. It seems to me that this would be justified in the present circumstances.

[Podolnaya] To what extent does the situation now help the achievement of peace?

[Pain] I think it is now worse than at the time of the Nazran agreements. Why? Because the Nazran agreements were signed at a time when the sides were most prepared to compromise. No one is prepared to compromise at present. However, this does not mean that there is no need for talks. This does not mean that compromise cannot be reached. What I am saying is that there are fewer conditions to achieve peace today than a month ago. [end recording]

Russia: Chechen Agreement Signed; Air Force Bombing Refugees

LD1408160996 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 14 Aug 96

[FBIS Translated Text] The meeting between General Pulikovskiy and General Maskhadov came to an end in the village of Novyye Atagi literally an hour ago, Chechen opposition Spokesman Movladi Udugov told us.

[Begin Udugov recording] The meeting has resulted in the signing of a document, a bilateral document which says, in particular, first, that as a result of the meeting, the sides state that they have exchanged mutual claims with regard to violating the cease-fire agreement.

Second, the sides have come to the conclusion that it is necessary to jointly check each case of the cease-fire violation.

Finally, the sides have exchanged proposals on how to set up a specific system to control the observation of the cease-fire agreement. [end recording]

Let us recall that the agreement reached by Pulikovskiy and Maskhadov yesterday was to enter into force at noon today. However, at this very time helicopters of the federal forces have made another operational flight. Movladi Udugov reports.

[Begin Udugov recording] At 1205 today, Russian aviation delivered a rocket attack on the outskirts of Groznyy, on the village of Gekhala and the 56th district of the town of Groznyy. A rocket attack has also been delivered, as it is becoming clear now, on a column of refugees, which has suffered numerous casualties. We have just had a radio report that helicopters have delivered another blow in the same direction. The helicopters are literally hunting civilians who are trying to escape from Groznyy. The Russian public must be aware of this situation and this policy. The real picture is awful. [end recording]

Russia: Pulikovskiy Comments on Meeting With Chechen Opposition

LD1408180796 Moscow Russian Television Network in Russian 1600 GMT 14 Aug 96

[From the "Vesti" newscast]

[FBIS Translated Text] [Announcer Flyarkovskiy] A two-hour long meeting took place today at the roadblock between the villages of Shali and Novyye Atagi between the deputies of Maskhadov and Pulikovskiy. According to Movladi Udugov, the representative of the separatists, the meeting ended at 1800 with the signing of a document which notes the following:

The sides exchanged mutual complaints concering incidences of non-observance of the cease-fire agreement, arrived at the view that it is necessary to conduct a joint verification for each fact involving a violation of the agreement of any of the sides, and exchanged proposoals for creating a system of monitoring the observance of the cease-fire accords. Moreover, the meeting discussed the possibility of holding a next round of talks between Mashkhadov and Pulikovskiy.

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Konstantin Borisovich Pulikovskiy, acting commander of the group of federal forces in Chechnya, is now on the line to us. Hello.

[Pulikovskiy] Hello.

[Flyarkovskiy] Thank you for giving us the opportunity to talk to you personally. We know that in the past 24 hours there were at least two meetings between the military on both sides. You met with Aslan Maskhadov, then your deputies had talks. The cease-fire has already been announced and denied. What, in your view, is now still standing in the way of a real cease-fire?

[Pulikovskiy] The stance of the separatist leadership is standing in the way of the onset of peace, more precisely in Chechnya. I said this yesterday. The leadership of the separatists sees the territory of Chechnya as being outside Russia, sees it only under their authority. After this I had to stop any talks with them and of course voice my dissatisfaction.

[Flyarkovskiy] You want to say, if I have understood you correcctly, that the fact that political problems have not been resolved does not make it possible to resolve military problems?

[Pulikovskiy] Of course.

[Flyarkovskiy] Tell us, but are there nevertheless still chances of a cease-fire soon, and if there are any what are they?

[Pulikovskiy] There are such chances. Yesterday I proposed that fire be ceased along the line of contact, but this fire is continuing today. It is continuing in five districts which are held by the federal troops. Moreover, two dead servicemen with bestially mutilated faces were delivered to us today. The railway track from Zhalka station was blown up today. And servicemen and civilians who had arrived in order to restore it were attacked; there are casualties. Well, What talks can there be? I lodged a protest with the leadership. My representatives met with them today. All the facts, minute by minute, were presented with these complaints. They were unable to explain their actions. Therefore, I see that they are either not in control of their subordinates or do not want peace on this land.

[Flyarkovskiy] What will your next step be, Konstantin Borisovich?

[Pulikovskiy] I will continue the talks. I will be meeting with the militants. I will try to persuade these people that things cannot go on like this. Peace will come to this land, but within Russia, within our great state.

[Flyarkovskiy] Thanks a lot for the opportunity to talk to you. Thank you.

Russia: Groznyy Crisis Linked to Power Struggle

MK1508064696 Moscow KOMMERSANT in Russian 13 Aug 96 No. 30, pp 6-8

[Report by Aleksandr Isayev: "Why Was Groznyy Left Defenseless? Moscow Has Not Given a Satisfactory Answer to This Question. When the Authorities Cannot Provide Tenable Reasons for What Has Happened, Others Must"]

[FBIS Translated Text]

Reason 1: Inauguration

The official ceremony scheduled for 9 August prevented the government from engaging federal forces in Groznyy. During those days the attention of the whole world was riveted on Russia; guests from near and distant lands had arrived for the inauguration, and it was totally inappropriate for Yeltsin to violate the peace obligations he had assumed.

The Dudayevites, who were very well aware of that, chose a moment when a most painful strike could be dealt to the Kremlin. It is quite possible that the attack on Groznyy, timed to coincide with the inauguration, was a long planned act of revenge by the separatists for the humiliation they had to suffer during their visit to the Kremlin in May. At the time they had to submit and accept Yeltsin's terms, because a non-Yeltsin in office was a far worse proposition. Now is the time to pay the debt.

Reason 2: An Apparat War

The federal forces knew about the operation in advance. Yet some circles in Moscow and in the federal forces command in Chechnya decided not to prevent it, so as to set up Russian Federation Internal Affairs Minister Anatoliy Kulikov as well as Doku Zavgayev, the head of the Chechen Republic.

Proponents of this theory contend that the separatist fighters entered Groznyy mostly from the south, where prior to that the federal forces removed their check points. Moreover, the separatists themselves told the federal command on several occasions that they were not going to fight with the federal troops. And the interior troops were left one on one with separatists' detachments.

According to a Russian Internal Affairs Ministry official, who requested anonymity, under the existing military command and control system in Chechnya, the responsibility for what is going on there rests primarily with the internal affairs minister. Any serious defeat in this arena is fraught with the prospect of dismissal for him. Whereas until recently the scapegoat in the

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Chechen war was Pavel Grachev, after his resignation Gen. Kulikov has become the whipping boy.

Furthermore, Kulikov is the only one among the Russian power structure officials who avoided a Kremlin "purge" in the period between the two rounds of presidential elections, when Grachev, Barsukov, and Korzhakov were sacked one after another. At the same time Kulikov was the least close to the president. It was he who initiated a project for nationalizing the banks and major domestic commercial structures; moreover, the Communists were ready to see him in their government.

As concerns Zavgayev, today many politicians maintain that now he is one of the main obstacles in the way to peace in Chechnya. He stands to lose the most from direct negotiations between Moscow and Yandarbiyev, because should they be successful he will obviously become a fifth wheel in the Chechen chariot.

For the new people at the top of the Russian power pyramid — Aleksandr Lebed and Anatoliy Chubays — both Zavgayev and Kulikov are aliens. And so it is quite possible that certain forces in Moscow would like to play on the Chechen situation so as to get rid of both politicians, replacing them with their own people.

Reason 3: The Oil Pipeline

This theory in no way contradicts the previous two, but at the same time explains not only the current situation in Groznyy, but also the Chechen crisis as a whole. The high points of which strangely coincide with the crucial moments in the history of contracts for the development and transportation of Caspian oil.

It will be recalled that in September 1994 Azerbaijan, a consortium of Western oil companies, and the Russian company, Lukoil, concluded a contract to develop three Caspian deposits. The Russian Foreign Ministry deemed that the country's interests were infringed, declaring the contract null and void.

The Russian side was supported by Azerbaijani Premier Suret Guseynov: He condemned the contracts while attempting a state coup in Azerbaijan a month later. The attempt failed, and the premier fled the country.

After that, Russia shifted the conflict onto a different plane: It proposed transporting oil through its territory — from Baku via Chechnya to Novorossiysk. Turkey proposed another option: via Georgia to its territory and on to the Mediterranean port of Iskerenderun. The sides used the same arguments: Moscow cited Kurdish insurgents operating on the territory where the pipeline was to pass; Ankara, for its part, invoked Chechnya, which had slipped out of Russia's control.

In December 1994 Russian troops enter Chechnya. The Chechen war begins. In January 1995 Turkish troops launch a large scale action against the Kurdish insurgents, entering the territory of North Iraq.

After this, this coincidences begin.

June 1995. The oil pipeline going along the Baku-Rostov highway passes under the control of federal forces. In Moscow, successful negotiations are held on the transportation of early Caspian oil via Russian territory.

June 1995. A detachment led by Shamil Basayev captures Budennovsk — a point along the pipeline route far outside Chechnya.

October 1995. Preparations are made for the signing of an agreement in Baku about the route for the shipment of Caspian oil. The Russian option appears preferable.

October 1995. A day before the route was to be finally approved, an attempt on Gen. Rodionov's life is made. The peace process in Chechnya is scuttled, and the Russian option remains nothing but an option.

November 1995. There is discussion of building a pipeline section bypassing Chechnya — from Kizlyar (Dagestan) to Budennovsk (Stavropol Kray).

January 1996. Salman Raduyev's attack on Kizlyar.

In December 1996 the first oil from the Caspian deposits should be exported. It is not as yet known along which — the Russian or the Georgian-Turkish — route. In the spring-summer of 1996 preparations were fully under way for the operation of the Chechen section of the pipeline. The storming of Groznyy by the separatist fighters has apparently ruled out — at least at the initial stage — the carriage of oil along the Russian route. There is clearly not enough time to build a section bypassing restive Chechnya before December.

[Article is accompanied by following boxed passage]

A ranking internal affairs ministry official: The Internal Affairs Ministry soldiers in Groznyy were treated like the punitive battalions in the Great Patriotic War [WWII].

Today yet another theory has emerged; namely, that the federal forces in Groznyy are conducting a carefully planned operation. The essence of the tactics involved is to allow the separatist fighters to concentrate in the city and to get bogged down on the defense lines of the interior troops. Meanwhile, the federal forces will encircle the city, and should the Internal Affairs Ministry forces prove incapable of destroying the separatists on their own, the army units, gradually

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narrowing the circle, will attack the separatists, whose armed formations have already lost the drive and room to maneuver. This is a fine plan, if, of course, it did not emerge in the Defense Ministry after the latest events in Chechnya as a kind of self-justification. But if this theory is correct, then it seems that the interior forces were indeed used in the same role as the punitive battalions in the Great Patriotic War.

Russia: Moscow Said Planning To Remove Zavgayev, Form Coalition

MK1408120496 Moscow MOSKOVSKIYE NOVOSTI in Russian 11-18 Aug 96
No. 32, (signed to press 12 Aug 1996) p 3

[Report by Mikhail Shevelev: "The Last Installment. The Crushing Defeat in Groznyy May Mark the Start of a Coherent Russian Policy in Chechnya"]

[FBIS Translated Text] From the political point of view, the most important corollary of the goings-on in Groznyy last week is the agenda of the emergency meeting of the Commission on a Chechen Settlement, which was held on 11 August. It considered the question of forming a coalition government in Chechnya. Is the issue the emergence of yet another Zavgayev, or has the Russian leadership finally learned something from the Groznyy disaster?

According to MOSKOVSKIYE NOVOSTI's information, over the past two weeks the following plan has been drawn up in Moscow. Doku Zavgayev leaves the post of head of Chechnya. This post remains vacant, but instead a provisional government is formed, to be headed by a prime minister. It is planned to be a coalition government; that is, it will include representatives of real, not imaginary political forces of Chechnya. One of the deputy prime minister posts will be offered, among others, to a representative of the separatists, tentatively, Aslan Maskhadov. The main objective of this government is to stop combat operations. It will stay in office for one year, after which free elections and, possibly, a referendum will be held. The key political question of the status of the republic will be resolved by the popularly elected authorities in negotiations with Moscow.

Several candidates for the post of prime minister have been considered. The one that currently appears to be most realistic is the candidacy of a 34-year-old Chechen politician, who hails from the Moscow diaspora. He enjoys the support of the Chechen business community, does not elicit an allergic reaction from the federal authorities, and, most importantly, the leaders of the Chechen resistance movement are ready to hold talks with him.

How realistic is this plan? The main hope for its realization stems from the lack of an alternative. If anyone still needs yet more proof of the infeasibility of a military solution in Chechnya — this is already a case for the psychiatrists.

It seems that the realities of the Chechen situation are beginning to filter through in Moscow. The president is now represented in Chechnya by Aleksandr Lebed. His first step in this post — a meeting and fruitful talks with Aslan Maskhadov — is an absolutely correct and timely decision. His predecessor, Oleg Lobov, tasked with pacifying Chechnya, bent over backwards to avoid such a step. He was a consistent proponent of vesting Zavgayev with authority and, judging from his latest utterances, remains such.

With the assistance of Lobov and trillion-ruble subsidies from the federal budget, Zavgayev has evolved from a puppet into an independent political force. Moscow recognized the elections for the head of the republic he held, thus pushing itself into a legal corner. There are only two legal ways out of the existing situation — the voluntary resignation of Zavgayev or the imposition of a state of emergency, which will make it possible to force him to do so.

The main question is as follows: Who in Moscow will make decisions on Chechnya? Judging by the range of people with whom the candidacy of the prime minister of a proposed coalition government was agreed upon, there are three such persons — Viktor Chernomyrdin, Aleksandr Lebed, and Anatoliy Chubays. The last two have already — by word and deed — proven their adequate understanding of the situation in Chechnya. The premier is inclined to make bellicose statements — - "The group of forces must be reinforced.... No talks with terrorists" — but, first, it is precisely Chernomyrdin who initiated peace talks in summer 1995 and, second, his ability to adjust to circumstances is well known. Still, the most important thing is that those who have during the past year carried things as far as two new assaults on Groznyy — Oleg Lobov, Sergey Stepashin, Vyacheslav Mikhaylov, and Doku Zavgayev — have been removed from the decisionmaking process.

But whoever might make decisions on Chechnya and whatever plans might be proposed, the success of this effort depends only on one thing — the understanding of the actual reason for the successive defeats of the Russian armed forces. It is not a matter of inadequate troop training, a lack of knowledge of the terrain, or the insufficient protection of armored hardware. The reason is that the armed forces in Chechnya do not fight against isolated, albeit well-organized, rebel detachments, but they fight with levy-en-mass forces backed by the

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population, by the people. That this war cannot be won has already been proven by the British in Africa; the French in Algeria; the Americans in Vietnam; and, finally, the Soviet Union in Afghanistan.

The developments of the past two years in Chechnya have shown how difficult it is for Moscow to assimilate this knowledge and how high a price has to be paid for that. Maybe the third assault on Groznyy will become our last installment?

Economic Issues

Russia: Oil Exporters Worried About Proposed Revival of Monopoly

MK1508073696 Moscow NEZAVISIMAYA GAZETA in Russian 14 Aug 96 p 2

[Article by Rustam Narzikulov: "Ax of Reform Over Oil Companies"]

[FBIS Translated Text] The situation in the Russian economic departments resembles a certain scene in the well-known comedy by Gogol. [This refers to a scene in "The Government Inspector," where corrupt officials are struck dumb at the news that a government inspector is in town] A strict inspector from Washington was expected to have arrived in Moscow yesterday, the mere mention of whom makes high-ranking officials in Moscow shake in their boots. This inspector is on an International Monetary Fund mission tasked with monitoring Russia's observance of its commitments to the IMF — on which depends the future of $340 million doled out to our country every month.

One should give their due to the members of the special staff running the economy in the temporary absence of the government. In order to please the IMF commission — which, in June, already expressed dissatisfaction with the low rate of tax collection and the depletion of the net gold and hard-currency reserves by half — they are going to unveil to the distinguished visitors from Washington a whole set of draconian tax measures that may improve the budget situation. "Shuttle traders" have already come under the fiscal ax of the special staff. New duties have been levied on individuals crossing the border with foreign currency cash and on the banks that import it.

However, these and other methods of adding to the treasury pale into insignificance before the impending restoration of the state monopoly on natural (nonrenewable) raw material resources that takes place under the "Federal Special Program For Stepping Up the Fight on Crime in 1996-1997" approved on 17 May 1996.

An enlarged meeting of the board of directors of the Union of Oil Exporters of Russia (SONEK) was held yesterday, where the heads of more than 20 Russian oil companies (LUKoil, YuKOS, Gazeksport, Nafta-Moskva, MES, and so on) negatively assessed the restoration of state monopoly on natural resources, primarily oil resources. Their statement for the press says, in particular, that "the proposed restoration of the state monopoly of foreign trade on natural (nonrenewable) raw material resources would mean in practical terms a departure from the course toward liberalization of Russia's foreign economic relations and integration of the Russian economy into the world economic system, it would hamper the process of Russia's joining the World Trade Organization, make difficult its relations with the IMF, worsen the investment climate for foreign and Russian investors and seriously weaken the positions of oil exporting companies on the world oil and oil products market."

This quote, even if this is an earful, spells out the possible consequences of reviving the old Soviet system of producing and selling oil. Oil traders generally are not particularly talkative, for which reason they were very reserved with regard to what they were saying yesterday. However, the main consequence of restoring the state's monopoly on oil resources is obvious — even without their admissions. The investors and partners of Russian oil people would lose all faith in the institution of private property, which is sacred the world over. Since the restoration of the state monopoly is taking place under the flag of combating crime, the worst variant of the reforming of the oil sector seems to be possible: The sector would not be simply nationalized (a single, state-run oil company is not, after all, all that terrible) — it is headed for the restoration of a bureaucratic mechanism for the production and distribution of oil that is not based on any institution of property.

For some unknown reason, oil traders were evading an answer yesterday to questions as to the identity of the powerful official able to make the state monopoly on oil a reality. Clearly, it is not Viktor Chernomyrdin — despite the fact that his signature appears on government decree No. 600. The idea is also opposed by Oleg Davydov, deputy premier and minister of foreign economic relations, and Economy Minister Yevgeniy Yasin, who sent a letter to the head of the government stating that state monopoly is "inadvisable."

It is not ruled out that the heads of power departments have a hand in the new reform initiative — in this connection it is well to recall the proposal made eighteen months ago by Minister of Internal Affairs Anatoliy Kulikov to the effect that the Army and the militia should be getting part of the oil dollars and oil rubles. Malicious tongues, however, argue that the state monopoly idea occurred to the leaders of the

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new presidential staff, who, in the same way as the government, are vitally interested in the successful completion of this yet another IMF inspection.

Paradoxically, the IMF may probably approve the revival of a state monopoly on oil. The experience of the IMF's antimarket struggle against Russian oil and gas companies attests to the fact that Washington officials could not care less about the competitiveness of Russian business. The IMF mission may prove to be quite satisfied with promises of adding a little more money to the budget, following which, it would decide to release the next tranche and leave Moscow until September. It is the little guys in the government who would have to clear up the reform mess.

Russia: Impact of Proposed Duty on Currency Imports

MM1508113596 Moscow ROSSIYSKAYA GAZETA in Russian 15 Aug 96 p 3

[Report by Aleksandr Velichenkov: "Plus 1 Percent?"]

[FBIS Translated Text] Prime Minister V. Chernomyrdin's speech to the State Tax Service Tuesday 13 August contained a number of theses on priority measures to strengthen the income side of the budget. The phrase about the proposed imposition of duty on foreign currency imports caused a particular stir.

According to information from the Finance Ministry's currency department, disseminated by the Financial Information Agency, this measure will apply to sums in excess of $10,000 cash, and the duty itself will not exceed 1 percent.

Presumably the duty will be paid mainly by a few of our banks which actively import cash dollars into Russia, and will not substantially affect the currency market itself.

Currency imports this year are expected to total $12-15 billion; the volume has been gradually declining since the record year 1994. This measure produces no marked fiscal impact, although its effectiveness will have a positive effect on other aspects of currency control. If shuttle traders and tourists, wanting to economize, start using plastic cards, the demand for cash will fall, and the function of controlling the movement of noncash dollars will be simplified. The overall result of this measure is fairly pragmatic, but there are certain legal aspects. Its introduction requires a law, and the Duma has just gone on leave. Furthermore it is necessary to clarify whether this step is contrary to Article 8 of the IMF Charter, which Russia adhered to only recently. This article makes provision for the free movement of capital in current (that is, not connected with long-term investment) transactions.

Russia: Effectiveness of Proposed 'Imputed Tax' Doubted

MM1408122396 Moscow IZVESTIYA in Russian 13 Aug 96 p 1

["Snap Analysis" article by Dmitriy Dokuchayev: "Imputed Tax for Irresponsible Treasury"]

[FBIS Translated Text] The government is preparing amendments to the tax legislation which, if adopted, will enrich our daily life with a new term — "imputed tax."

Its essence is that henceforth the tax liability of "small" businessmen will be calculated not on profits which, according to accepted practice, can be skillfully concealed by everyone, but on other factors — the type of business, the number of workers, the area occupied by the business....

Although the "imputed" tax so far exists only in draft form, the deliberate or accidental leak has brought this idea to the public's knowledge. According to the entrepreneurs themselves, this new tax is really "explosive." It seems to be based on the "presumption of guilt," on the idea that every businessman conceals his profit and therefore ought to pay the state not on the basis of his business success but apparently for the very fact that his business exists.

Viktor Tur, an expert from the department for tax reforms, without denying the actual fact that the new tax is under consideration, declared that it is too early to comment on decisions which have yet to be made. According to him, the issue concerns the clarification of certain provisions of the law regarding a simplified system for taxing small businesses.

While fully sharing the caution of responsible persons and their concern about treasury revenues, one cannot overlook the following. If the new tax is introduced in its present form, the key question will concern the definition of taxable base: the actual number of square meters and workers. Of course, decisions on these matters will be left in the hands of functionaries and the amount payable will be at their discretion. In such cases the money on which the budget relies tends to end up in the pockets of interested representatives of authority.

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International Affairs

Ukraine: Protocol Signed on Delimitation of Border With Russia

LD1408203596 Kiev UNIAN in Ukrainian 1730 GMT 14 Aug 96

[FBIS Translated Excerpt] Moscow, 14 Aug — Ukrainian Deputy Foreign Minister Kostyantyn Hryshchenko has told journalists that an interdepartmental protocol that defines the positions of Ukraine and Russia on the problems of the delimitation of the Russian-Ukrainian border was signed after the end of the first round of talks of the subcommission on border issues of the joint Ukrainian-Russian cooperation commission. [passage omitted]

Ukraine: Consultations on Dniester Settlement Open in Kiev

LD1408184696 Moscow INTERFAX in English 1820 GMT 14 Aug 96

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, August 14 (Interfax-Ukraine) — Working consultations between Ukraine's Foreign Ministry and leading officials of Moldova's Dniester regions have opened in Kiev today. Their paramount objective is to step up Ukraine's efforts for a settlement of the conflict between Chisinau and Tiraspol.

This was disclosed in an IF-U exclusive interview by Ukraine's Foreign Minister Hennadiy Udovenko.

The meeting, which was attended by Hennadiy Udovenko, lasted more than two hours. The delegation of the Dniester region is led by head of the Tiraspol administration Igor Smirnov.

According to the Ukrainian foreign minister, the "Dniester conflict is no chronic disease, but a temporary indisposition, which requires a one-time course of intensive treatment." Hennadiy Udovenko believes that "the situation has objectively ripened for Ukraine's more active participation in it." Yet, he emphasized, that "basic agreement shall be reached between Chisinau and Tiraspol."

The minister recalled that today's consultations are being held in agreement with the Moldovan side, "in particular, with President Mircea Snegur and Moldova's foreign minister." "We are against a violation of Moldova's territorial integrity, and view Dniester as her inseparable component part," he said.

According to Hennadiy Udovenko, Tiraspol advocates Ukraine's more vigorous actions as the guarantor of the peace process in the region. Thus, in particular, the leadership of the region declared for the participation of a Ukrainian peacekeeping battalion in the disengagement of the sides. The minister noted in that connection, "We are members of the team taking part in the settlement." In his view, to resolve that issue it takes the consent of the other participants in the process — Moldova, Russia and the OSCE.

Hennadiy Udovenko expressed the view that the positions of Ukraine and Russia are "identical in principle on the issue of Dniester settlement, since they are based on the awareness of the need for a peaceful settlement of the conflict on the basis of the provisions of the Memorandum of the Presidents of Moldova, Russia and Ukraine adopted in January 1996 as well as the agreements between Chisinau and Tiraspol on the status of Dniester as an autonomous entity within Moldova.

According to the minister, Ukraine devoted special attention to the question of elimination of the considerable quantity of ammunitions in the region. In the course of the consultations, a proposal was discussed from Russian Security Council Secretary Aleksandr Lebed on the construction in Dniester of a plant for salvaging the scraps of the ammunitions, which cannot be transported. The main objective of the resolution of this issue is a search of sources to fund that project, he said.

The consultations, Udovenko went on to say, also covered the development of trade, economic and cultural ties between Ukraine and the region. These questions are to be discussed in detail in the course of the visit by head of the Dniester delegation Igor Smirnov to a number of Ministers in Kiev Wednesday.

Ukraine: Nationalist Leader Says Members Present in North Caucasus

LD1408155796 Moscow ITAR-TASS in English 1505 GMT 14 Aug 96

[By Raisa Stetsyura]

[FBIS Transcribed Text] KIEV, August 14 (Itar-Tass) — Leader of the Ukrainian nationalist organisation UNA-UNSO Dmytro Korchinskyy told Itar-Tass today that "a certain number of UNA-UNSO members are always present in the North Caucasus."

Korchinskyy was reacting to reports about members of his organisation taking part in the current fighting in Groznyy on the side of the separatists.

He said, however, that "all of them are engaged in humanitarian actions and provide humanitarian aid to the Chechen people."

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He explained further that the peacemaking efforts of UNA-UNSO members in Chechnya consist in "talks with the Russians on ceasefire on Chechen territory."

The letters UNA-UNSO stand for the Ukrainian National Assembly-Ukrainian National Self-Defence Organisation which was established in 1991 to "protect Ukraine's interests by all means, including arms, in any region of the world.

Korchinskyy refused to comment on the reports about the possible involvement of Ukrainian activists in fighting on the side of the separatists, explaining that "the criminal code of Ukraine stipulates criminal liability for the participation of Ukrainian citizens in armed conflicts beyond the boundaries of the Ukrainian state."

Korchinskyy had been approached by Itar-Tass after sources in the Chechen representation office in the Office of the President of the Russian Federation reported that up to 400 UNA-UNSO members were involved in activities on the side of the separatists in Groznyy's Oktyabrskiy district.

The same sources said the fact had been discussed at a meeting of the government of the Chechen republic as the Ukrainian mercenaries did nothing to conceal their identity: "their detachment has a distinctive flag of its own and its members wear armbands with the trident, the UNA-UNSO emblem, on it," the sources told Itar-Tass.

National Affairs

Ukraine: Official Says Formation of Cabinet Proceeding 'Normally'

LD1408193396 Moscow INTERFAX in English 1818 GMT 14 Aug 96

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, August 14 (Interfax-Ukraine) — The formation of the Ukrainian Cabinet and the local bodies of executive power proceeds "normally, constructively, and without a hitch, complications, or behind-the-stage lobbying", a news-briefing was told in Kiev today by Dmytro Tabachnyk, head of the presidential administration.

According to him, this process "is maybe not as fast as we would like it to be, but it is an objective one". The Government, D. Tabachnyk said, has been practically fully formed and endorsed.

He added that the President and Prime Minister were conferring with the possible candidates to the offices of heads of the newly set up structures.

The Administration Head recalled that, in keeping with the presidential decree, the heads of the regional administrations shall be endorsed before September 1, and the formation of leadership of district administrations shall be completed before Kzober 1.

He also reminded that, "following the outcome of a profound examination of the candidacies at the Government and Presidential Administration", the President issued decrees naming six regional administration heads. D. Tabachnyk stressed that the process continues, and new appointments will be made in the near future.

Ukraine: Lazarenko: Government To Pay 'in Full' for 1996 Grain

WS1408072296 Kiev INTELNEWS in English 0221 GMT 14 Aug 96

[FBIS Transcribed Text] Kiev, Aug. 13 — Prime Minister Pavlo Lazarenko has announced that the government will pay in full for supplies of 1996 grain, and he confirmed that Ukraine's Cabinet of Ministers is cooperating with U.S.-based EximBank which has opened a credit line worth $250 million for the purchase of fuel for the agricultural industry.

While visiting the Pivdenniy grain threshing-floor of the agro-industrial association Elita, located in Odessa oblast, Lazarenko said, "Daily, the government transfers KBV1 trillion to KBV2 trillion to producers of agricultural products," but he added, "Only agricultural units which have fulfilled the state order by 60 percent will receive funding."

He reported that the government will also submit proposals to Parliament on state support for live-breeding, as well as funding for the purchase of pesticides and fertilizers.

Vice Prime Minister on agro-industrial issues Mykhaylo Zubets warned that the current slump in grain production is "threatening" Ukraine.

"Grain production dropped from 23 million tons at the beginning of the 1990s to 14 million tons in the current year," Zubets said at a nationwide science conference at the Odessa Selection-Genetics Institute. According to Zubets, "Implementing reforms in agriculture has not lead yet to any positive results."

Zubets said the gross agricultural product decreased 35 percent throughout recent years, and the output of grain and sugar beets decreased by one third.

The key factor in grain production, he noted, is the optimization of planting areas, and he added that such areas will likely be expanded to 15 or 16 million hectares.

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Ukraine: Crimean Parliament Not To Hold Emergency Session

LD1208164596 Kiev UNIAN in Ukrainian 1240 GMT 12 Aug 96

[FBIS Translated Text] Simferopol, 12 Aug — The Presidium of the Supreme Council of Crimea failed to make a decision at its session today on whether or not to convene an emergency session of parliament, because, as Yevhen Suprunyuk, chairman of the Supreme Council of Crimea, told a news conference, nine deputies withdrew their signatures under the appeal and one signature turned out forged.

Replying to questions from UNIAN, the Crimean parliament speaker said "he had questions on the Ukrainian Constitution, as regards political and economic powers of the Republic of Crimea"; however, he was ready "to wait until the articles of the constitution have been interpreted."

Suprunyuk said he was guided in his activities by the Ukrainian legislation. However, he did not specify the date when the Ukrainian flag will be raised over the building of the Supreme Council of Crimea, saying that this will depend "on deputies' will."

Ukraine: Kuchma, Crimea Speaker Meet, Discuss Political Situation

LD1408091896 Kiev UNIAN in Ukrainian 0730 GMT 14 Aug 96

[FBIS Translated Text] Crimea, 14 Aug — Ukrainian President Leonid Kuchma received Crimean Supreme Council Chairman Yevheniy Suprunyuk at his holiday residence in Crimea. The Crimean speaker briefed the president on the political and economic situation in Crimea.

Regular contacts with government leaders at various levels and a search for compromise have helped to create and preserve public peace in Crimea, Suprunyuk said.

The president and the autonomy's speaker discussed Crimea's socioeconomic problems. Kuchma stressed the need for Crimean authorities to monitor the local repayment of wages, pensions, and benefits and to maintain proper conditions to ensure a successful holiday season on the peninsula.

Ukraine: President Kuchma Holds Talks With Sevastopol Leader

LD1408210096 Kiev UNIAN in Ukrainian 1700 GMT 14 Aug 96

[FBIS Translated Text] Kiev, 14 Aug (UNIAN) — Ukrainian President Leonid Kuchma met the chairman of the Sevastopol City State Administration, Viktor Semenov, on 14 August. The president's press service told UNIAN that during the meeting, the sides discussed the state of and prospects for the city's socioeconomic development, in particular, ways of implementing the government program for the stabilization of Sevastopol's economy by the year 2000. Viktor Semenov told the president about the Black Sea Fleet's [BSF] current debt to the city budget for municipal services and associated problems connected with the social protection of the population.

Kuchma stressed the importance of resolving the BSF problem Fleet without further delay. He also noted that the Ukrainian leadership's stand on this issue remained unchanged and was based on the provisions of the new Constitution and the Sochi Agreements.

Ukraine: Uzbek President Said Ready To Help Crimean Tatars

LD1408091096 Moscow ITAR-TASS in English 0605 GMT 14 Aug 96

[By Lev Ryabchikov]

[FBIS Transcribed Text] SIMFEROPOL, August 14 (Itar-Tass) — Uzbekistan's President Islam Karimov has expressed readiness to render assistance in the settlement of the Crimean Tatars' problem, Deputy Speaker of the Crimean parliament Refat Chubarov told journalists on Tuesday.

According to Chubarov, Islam Karimov, who had recently been to Crimea on vacation, understands well that the Crimean Tatars need help and support. The Uzbek president announced that he intended to discuss forms and mechanisms of the Uzbek assistance with Ukrainian President Leonid Kuchma.

Karimov promised the Crimean leadership to set up a working group to draft concrete proposals for the assistance.

The Uzbek president has received an appeal by Chairman of the Crimean Tatars' medjlis Mustafa Dzhemilev saying that "a considerable number of Crimean Tatars still reside in Uzbekistan and other former Soviet republics since they cannot return to Crimea and settle there without help because of the worsening social and economic conditions," Chubarov said.

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Belarus

Belarus: Supreme Soviet Unlikely To Consider Referendum Proposal

LD1408174396 Moscow INTERFAX in English 1604 GMT 14 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] It is most unlikely that the Supreme Soviet would agree to consider President Alyaksandr Lukashenka's referendum proposal on the basis of documents he sent to parliament last week, Vasiliy Novikov, first deputy parliament speaker, told Interfax on Wednesday.

The referendum proposed to be held on November 7 contains following questions: the rescheduling of the Independence Day from July 27 (the day when a memorandum on the country's sovereignty was signed) to July 3 (the day when Minsk was liberated from Nazi occupation); the adoption of constitutional changes (including the transformation of the Supreme Soviet into a bicameral legislature); unimpeded land transactions; and abolition of death penalty.

While the answer to the first two questions is mandatory, it is optional for two others.

Novikov indicated the president had repeatedly said that the number and content of the questions was optional and could be corrected.

Ironically, he said, Lukashenka has failed to send an addendum to the second question, which provides for constitutional changes. He said the parliament would not be able to consider the initiative before examining the draft of a new constitution drawn up by the administration.

Novikov said the president promised to make it available to parliament by mid-September.

Belarus: New Officials Appointed to Security Council, UN Anticrime Body

WS1508092996 Minsk BELAPAN in English 0705 GMT 15 Aug 96

[FBIS Transcribed Text] Minsk, 14 August — According to a presidential decree, Major General Ivan Yurkin has been appointed as First Deputy State Secretary of the Belarusian Security Council. Until recently Mr. Yurkin was deputy minister of internal affairs, served as Main Criminal Police Department chief and was responsible for matters related to the prevention of economic and organized crime and the activities of the Criminal Investigation Department. Before that, in autumn of 1995, Mr. Yurkin had served as deputy chairman of the State Committee for State Security (KGB).

According to another decree by the president, Major General Faryd Kantseraw, first deputy minister of internal affairs, has been appointed as Belarus' representative to the UN for the matters of crime prevention, which he controls at present. Mr. Kantseraw retains his post of deputy minister.

Belarus: Patriotic Movement Supports President on Referendum

LD1408181296 Minsk Radio Minsk Network in Belarusian 1600 GMT 14 Aug 96

[FBIS Translated Text] The Belarusian Patriotic Movement has set the date of its fourth congress for 12 October 1996. The party leadership sees the main task of the congress as supporting the president on all four questions proposed by him for a nationwide referendum.

Belarus: Liberal Democrats Ready To Cooperate With President

LD1508092996 Minsk Radio Minsk Network in Belarusian 1600 GMT 14 Aug 96

[FBIS Translated Text] The leadership of the Belarusian Liberal Democratic Party has made a statement in which it expressed support for the actions of the Belarusian president and its readiness to cooperate with him in the executive. We are drawing the president's attention to the need for further personnel changes in the government and the executive and for real steps in developing market relations, the statement says. As for the deputies of the Supreme Soviet, the statement's authors recommend they stop political talk and engage in concrete legislative work aimed at developing market relations.

Belarus: President, Deputy Premier on Drafting of Socioeconomic Program

WS1508094896 Minsk BTK Television Network in Belarusian 1800 GMT 13 Aug 96

[No video available]

[FBIS Translated Text] As is known, at Belarusian President Alyaksandr Lukashenka's instruction, work is now being completed on the Belarusian socioeconomic development program. The program has not yet been examined officially. Until now, there have been four versions of this document. A working group led by Belarusian Deputy Prime Minister Syarhey Linh is busy synthesizing the socioeconomic development program. To coordinate the program, Syarhey Linh also was instructed to hold consultations with leaders of national parties which signed the well-known appeal and spoke in favor of the equally known roundtable idea.

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[Begin recording] [Linh] It seems to me that the very process of implementing this program will prove to be something that will unite our efforts. The political forces could contribute to this program. This is why the president came up with a proposal — in line with their appeals to hold roundtable talks — to sit down, talk, and discuss the program. In this case, participants would not come to the roundtable talks with political pitchforks, but instead would offer constructive suggestions.

[Unidentified correspondent] Syarhey Linh has already met with some Belarusian party leaders. This week, the deputy prime minister will receive Messrs. Statkevich and Khadyka [opposition activists from the United Civic Party and the Popular Front, respectively] to coordinate positions on the above program. So far, in the words of Syarhey Linh, meetings to discuss the socioeconomic development program have been held in a constructive way.

[Linh] During our preliminary conversations, we could reach common positions. There are no fundamental disagreements on any approaches, including the mixed nature of the economy and privatization methods. In other words, we are laying the groundwork for moderate transformation which will not be coupled with shock therapy — people have suffered much as it is. We should prevent people's standards of living and incomes from declining, while curbing the drop in production and creating conditions to move forward by several percentage points this year and at least 5 percent next year. Simultaneously, people's incomes would go up. So, when we presented those approaches, none of the political leaders I met with had major objections to the methods. Although we have not familiarized them with the entire program, I already see a basis for a concerted conversation. Instead of just criticizing for the sake of criticism, one should come to us, bring their proposals to the roundtable talks, and discuss them with us. Naturally, some points will be accepted, and some in fact have already been accepted. Thus, we have excellent grounds for talks. I am sure that if unity is lacking and meaningless disputes take place, the efficiency of our work will be very low, resulting in the fact that the the authority of the political forces in society will also be low. People will quickly be able to distinguish empty talk from concrete work intended to promote production and improve the people's life. [end recording]

[Minsk Radio Minsk Network in Belarusian at 0300 GMT on 15 August reports: "Belarusian President Alyaksandr Lukashenka has held a working meeting to address the drafting of a Belarusian economic program until the year 2000. Representatives of the Presidential Administration and primary economic and banking sectors of the Republic participated in the meeting.

["Four options for this program were drafted by the government, the Supreme Soviet, the National Bank, and a group of independent experts. Alyaksandr Lukashenka said that disagreements which could emerge during the merging of these documents would be resolved. He also said that the future program must also comprise an ideological section which would provide each individual with the answer to the question as to what kind of society we are building."]

Belarus: Minsk Releases Statistics on Foreign Companies' Investments

WS1508094796 Minsk BELAPAN in English 0705 GMT 15 Aug 96

[FBIS Transcribed Text] Minsk, 14 August — According to the Minsk City Executive Committee, 667 foreign and 1,297 joint ventures, which were set up by representatives of 60 countries, operated in Belarus during the first six months of this year. The analysis of their investment policies revealed that Poland, Germany, the United States, and Italy are the most active in Belarus. Both foreign and joint ventures prefer to invest in trade and the public services sector. One of the leading is the foreign enterprise "Neste" which invested about $2.5 million in the construction of petrol stations.

Belarus: Two Brigades Leave for Russia for Practice Fire

LD1408181396 Moscow ITAR-TASS in English 1729 GMT 14 Aug 96

[By Andrey Aleksandrovich]

[FBIS Transcribed Text] MINSK, August 14 (Itar-Tass) — Two Belarusian anti-aircraft defence brigades left on Tuesday for Russia's Astrakhan region on the Volga River to practice fire, under an agreement reached in Moscow in spring.

Belarus still lacks a training ground for stationary anti-aircraft missile systems.

Lieutenant-General Valeriy Kostenko, in command of Belarus's Anti-Aircraft Defence Force, will attend the exercises which will last for about a month.

Moldova

Moldova: Parliament Chairman Says President's Powers Sufficient

AU1308184196 Chisinau INFOTAG in English 1930 GMT 12 Aug 96

[FBIS Transcribed Text] Chisinau, August 12 (INFOTAG) — Chairman of the Parliament of Moldova Petru

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Lucinschi believes that the current Constitution of the country gives sufficient authority to the president of Moldova.

In the interview published on Saturday in the newspaper CHISINAU NEWS, Lucinschi called Mircea Snegur's demand for additional powers excessive. Lucinschi, who intends to run for the position of the head of the state himself, believes that we "need a president who is endowed with representative functions, which is expressed in our Constitution, and a prime-minister to inspire everyone to work."

In Lucinschi's opinion, nobody can solve Dniester problem before presidential elections in Moldova. "The issue now is whom to trust to do this. Regardless of who wins, he will have to deal with it," he said.

As far as Memorandum on Dniester goes, according to Lucinschi's words, "the document is ready and it makes sense for it to be signed at a higher level by the president to be elected in a few months."

Speaking of the pensions and wages arrears, the chairman of the Parliament emphasized that there are 700 million lei as unpaid export deliveries and 500-700 million lei as produced goods to be sold.

Answering the question regarding his political orientation, Lucinschi said: "I'm Moldova-oriented. And it assumes having good connections and cooperation with everybody, first of all with the nearest neighbors, for instance Russia and Ukraine." According to the words of Lucinschi, half a million Russians live in Moldova and it can not allow itself to experience tension it the relationship with Russia. He spoke for the opposition to a situation when people would be able "to freely communicate in both languages."

Lucinschi said that he hopes to have the support of parties and movements, but most of all counts on electors, who do not belong to any party.

Moldova: Snegur Criticizes Transdniester Settlement Proposals

LD1308131496 Moscow INTERFAX in English 1257 GMT 13 Aug 96

[FBIS Transcribed Text] CHISINAU, Aug 13 (Interfax) — Moldovan President Mircea Snegur has criticized the draft memorandum on principles of the Transdniester settlement.

"Neither the principle of Moldova's territorial integrity, nor the principle stipulating that Transdniester's status must be developed given the fact that this region is an integral part of Moldova were reflected in the final version of the memorandum," Snegur said in a statement circulated Tuesday in Chisinau.

Snegur said Tiraspol's administration is not ready to adopt these basic principles.

"As the draft memorandum does not contain key principles of Transdniester's future autonomy, its signing is hardly possible," the statement says.

Snegur is convinced that in the situatiore when leaders of self-proclaimed Transdniester Moldovan Republic make no concessions even on the issue of the transfer to the Latin alphabet in Moldovan schools on the left bank of the Dniester River at the request of parents and teachers, "the signing of a memorandum which does not guarantee the preservation of the territorial integrity of our state would be a political mistake."

Snegur reiterated that he is ready to continue talks between Moldova's leadership and Transdniester's administration.

"Consultations would be more efficient if the Transdniester party agreed to transfer from discussion of interim documents, which contribute nothing to solving the conflict, to a concrete discussion of Transdniester's authorities as an integral part of Moldova," he said.

Moldova: Snegur Explains Refusal To Sign Dniester Memorandum

AU1408105196 Chisinau BASAPRESS in English 2224 GMT 13 Aug 96

[FBIS Transcribed Text] Chisinau 13/8/1996 (BASApress) — Moldovan President Mircea Snegur made public today a statement on the memorandum on the settlement of relations between Moldova and the Dniester region.

Lately, the president is demanded to sign this document, the Dniester Supreme Soviet, deputies from the Socialist Unity (US), and Democratic Agrarian Party of Moldova (PDAM) being "extremely insistent," says the statement.

Snegur considers the memorandum includes notions which counter the constitutional regulations, particularly, the notion of "common state." "The final variant of the memorandum neither reflects the principle on the territorial integrity, nor the principle that the Dniester region must be viewed as part of Moldova. The Tiraspol authorities are not ready to accept these principles," according to the document, which concludes by saying that "thus, the signing of the memorandum becomes impossible."

Qualifying its signing as "a political mistake, which might allow the endless protraction on the working out

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of the draft law itself," Snegur thinks it might form a dangerous precedent for Europe, it might lead to the destabilization of the situation on the regional level, and it might seriously jeopardize the international image of Moldova.

Referring to the statement signed by the Moldovan, Russian, and Ukrainian presidents on 19 January 1996, Snegur specified that it "stipulates to draft a special status of the Dniester region as part of Moldova," but this fact cannot be seen in the memorandum.

Estimating the parliamentary appeal to sign the memorandum as an attempt to put him under pressure, the president stated that "if the deputies from the PDAM and US factions will continue this kind of policy, this will complicate the negotiations."

"Concerning the memorandum draft, I think that most of its stipulations might be regarded as guidelines in talks to be held by the sides, and some of them, being later specified, might be included in the law on the Dniester region status," says the statement.

Moldova: Commission Establishes 45 Electoral Constituencies

AU1208164196 Chisinau INFOTAG in English 1930 GMT 8 Aug 96

[FBIS Transcribed Text] Chisinau August 8 (INFOTAG) — 45 election districts will be formed on the territory of Moldova for electing the president of the republic. This decision was passed at the meeting of Central Electoral Commission (CEC) on Wednesday.

Petru Raileanu, the CEC chairman, told INFOTAG that the formation of the districts is done in conformity with administrative-territorial division of the Republic of Moldova. It is supposed that districts will be formed in each of the regions and municipal areas of Moldova, including Dniester region. One district will be formed in Gagauzia. "Making the decision on forming constituencies, including Dniester, we were realizing that there are certain political problems and difficulties will arise with forming districts and opening polling-stations. But our task is to create conditions for opening polling-stations and to make the best decision. From now on everything should be solved in the local communities in agreement with the local authorities," said Raileanu.

Answering the question why the Central Election Commission returned to the issue of registrations of blocs while their registration term ended on July, 27, the CEC chairman said that several parties and movements submitted declaration of the registration of the Block of Popular-Patriotic Forces in due time stipulated by the election law, but the consideration of that request was delayed. "We delayed the consideration of the declaration on registration due to the necessity to get the expertise of the Justice Ministry' Registration Chamber. After proper examination we came to the conclusion that the decision to form the bloc was made with several violations and refused the registration," said Raileanu. He added that after the break-up within Socialist Party, part of the party headed by Valentin Krylov addressed the CEC with a request not to register the bloc with the participation of the Socialist Party, since Valeriu Senic and Victor Morev do not represent the party. "This issue is within the competence of the Ministry of Justice and we did not try to involve ourselves in the internal problems of the party. Our decision is made based on the committed violations of the Constitution. According to the legislation, parties may appeal against the decision to the Supreme Court of the Republic," said Raileanu.

Moldova: Socialist Party Head Comments on Elections Registration

AU1208165296 Chisinau BASAPRESS in English 1930 GMT 10 Aug 96

["Exclusive BASAPRESS Interview" with Valentin Krylov, head of the Chisinau Division of the Moldovan Socialist Party, PSM: "The Leftist Bloc Will No Longer Exist as Electoral Subject"]

[FBIS Transcribed Text] Question: How did the leftist forces react after the Central Electoral Commission (CEC) rejected the demand to register the Patriotic Popular Forces Bloc (BFPP)?

Answer: It [is] clear that the BFPP will not exist as electoral subject anymore. Its non-registration tells us that the current PSM leaders are not professionals when it is about the legislation. I think this decision should make the PSM members think about. I am certain that if we (Krylov-Abramciuc faction), those who are disputed by the Senic-Morev faction, drafted the papers on the founding of the bloc, then no problem would have appeared. The argument is the fact that we introduced the necessary modifications at the third extraordinary PSM congress illegally.

Question: Do you still intend to register the respective bloc?

Answer: According to the current legislation, this bloc cannot be re-founded. Only if its leaders will dispute the CEC's decision in the higher juridical institutions. I do not want to talk about the leaderships of the other parties which form part of the BFPP — Unitate-Edinstvo Movement, Moldovan Communist Party (PCM) and PSM. However, in what concerns the PSM, the CEC's decision is, actually, a sentence to Senic and Morev

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who, being deputies, were not able to draft an elementary document.

Question: What effects do you think the consolidation of the rightist parties will make upon the leftist forces?

Answer: Of course, the leftists must take into account any move by their political opponents. We have to make difference between the electoral subjects who will have access to money and organizations which will participate in elections on the public backgrounds. The last ones will make statements, call meetings, but will not be able to get involved directly in polls because they are not registered by the CEC. And if they want to support a candidate, they will do it on their own account.

Question: Might the leftist parties suggest their own candidates in the first tour of elections?

Answer: If the PSM and PCM want to remain in politics, they must suggest their own candidates and not limit themselves to support a candidate who is proposed by another political force?

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Azerbaijan

Azerbaijan: Foreign Minister Disavows Anti-Iran Radio Broadcast

LD1408212996 Tehran IRNA in English 1746 GMT 14 Aug 96

[FBIS Transcribed Text] Baku, Azerbaijan, Aug 14, IRNA — Foreign Minister of the Republic of Azerbaijan Gasan Gasanov told the charge d'affaires of the Iranian Embassy here today that his government welcomed cooperation from Iran and Turkey for solving the issue of Karabakh.

He said also broadened relations with Turkey and Iran would be in the interest of his country.

The Iranian Charge d'Affaires, Afshar Soleymani, said that both Iran and Turkey had agreed to pool their efforts for solving the situation in Karabakh.

Afshar Soleymani also said that Tehran looked forward to receiving Gasan Gasanov and also Iran's Gilan Province looked forward to hosting Agriculture Minister of Azerbaijan Irshad Aliyev.

Meanwhile, the foreign minister of Azerbaijan said that a recent program aired by Baku Radio that had anti-Iran overtones was not consistent with the official position of his government.

The foreign minister of Azerbaijan is to visit to Tehran later this month.

Georgia

Georgia: UN Head Suggests Sending Human Rights Representative to Abkhazia

LD1508085796 Moscow ITAR-TASS in English 0655 GMT 15 Aug 96

[By Sergey Baybakov]

[FBIS Transcribed Text] UNITED NATIONS ORGANISATION, August 15 (Itar-Tass) — U.N. Secretary General Butrus Butrus-Ghali has suggested to the U.N. Security Council the sending to his personal human rights representative to Abkhazia.

The purpose of the planned creation of the human rights mission there is to protect the Abkhazian population in line with the spirit of the Universal Declaration of Human Rights, to promote the safe return of refugees and displaced persons and to draw up reports on the changing of the situation with human rights in accordance with practices of the United Nations Organisation and OSCE [Organization for Security and Cooperation in Europe], says his letter, sent on Wednesday to the Chairman of the Security Council.

In order to ensure the effectiveness of its work, it is planned to put the human rights mission in the premises of the U.N. Observer Mission in Georgia in Sukhumi. The U.N. Secretary-General believes that expenses for the upkeep of the human rights mission should be borne by the U.N. Observer Mission in Georgia.

Georgia: Russian Border Guard Chief's Statements Puzzle Tbilisi

LD1408132796 Moscow INTERFAX in English 1316 GMT 14 Aug 96

[FBIS Transcribed Text] TBILISI, Aug 14 (Interfax) — Revaz Adamiya, head of the Georgian parliamentary Defense and Security Committee, has expressed perplexity over various statements made by Russian Federal Border Service Director Andrey Nikolayev during his visit to Georgia, which ended Tuesday [13 August].

Nikolayev groundlessly criticized the way the Georgian border is guarded, Adamiya told a news conference in Tbilisi Wednesday.

According to him, such statements may compel the Georgian Foreign Ministry to react accordingly.

Georgia is currently prepared to control its borders, in particular the border with Turkey, on its own, said Adamiya.

"Repeated blocking of Georgian goods by Russian border guards at check points in Vala and Sarpi compel Tbilisi to reconsider the Georgian-Russian treaty on border guarding," he said.

Georgia: Russian Envoy Interviewed on Georgian-Ossetian Conflict

MM1408140096 Moscow PRAVDA PYAT in Russian 13 Aug 96 pp 1, 3

[Interview with Major General Aleksey Merkuryev, Russian representative in the Georgian-Ossetian conflict zone, by Vladimir Statskiy in Tskhinval; date not given: "The Conflict Is Simply Frozen"]

[FBIS Translated Text] From the files: Major General Aleksey Merkuryev. Commander of the Combined Peacekeeping Forces in South Ossetia. After graduating from the Kazan Tank School and military academy, he served in command posts in the Belorussian Military District, the Transcaucasus, and Cuba. Graduating from the General Staff Academy, he became head of a division in Leningrad District. From March of this year he has represented Russia in the Georgian- Ossetian conflict zone.

The "lower camp" — that is how people in Tskhinval refer to the place where the Combined Peacekeeping

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Forces headquarters is located. An armed soldier in a "flak jacket" stands outside the doors to the headquarters. In front of him are two mongrels snapping at each other either from boredom or from an excess of doggy feelings. The soldier yells at them and they slink off with their tails between their legs.

A rather unfortunate analogy springs to mind. Peoples are not dogs. But for some reason you can't keep them apart either. But what are peoples, anyway?...

[Statskiy] Aleksey Alekseyevich, how would you describe the situation that has developed in South Ossetia today?

[Merkuryev] The Georgian-Ossetian conflict is not yet resolved. At the moment it is, so to speak, frozen. The sending in of the trilateral peacekeeping forces (Russia, Georgia, and North Ossetia) in June 1992 helped ensure that hostilities ceased and the warring parties were withdrawn from the conflict zone. Everything is still in that situation to this day.

For more than three years, through Russia's mediation, a kind of political sounding-out process has been taking place, and now we can say that talks have begun. A joint memorandum is being drawn up between the Georgian and Ossetian sides, spelling out questions of the settlement of this protracted conflict. It cannot yet be said that the conflict no longer exists or is close to being resolved. That would be confusing wishes with reality.

In fact the situation here is very complex and is, I repeat, in a frozen state. But it must be said that during this time both sides have developed a desire to resolve the question by peaceful means. The confrontation has abated somewhat. There have even been a few steps toward each other. The memorandum is also only a step toward the start of a broad talks process. This document does not contain any decisions in principle concerning the political status of South Ossetia or other fundamental issues.

[Statskiy] There is a widespread opinion in the Caucasus that the keys to resolving both the Georgian-Abkhazian and the Georgian-Ossetian conflict are in Russia's hands....

[Merkuryev] I think much depends here on both Georgia and Ossetia. The aspirations toward peace which can now be perceived, in particular, on the part of the Georgian leadership will, I believe, produce positive results. Naturally Russia, as an influential neighbor which has had ties for a long time with both the Georgians and the Ossetians, plays a role of considerable importance here. But its position has not undergone any changes in recent years. Russia is for a peaceful settlement of the conflict, the integrity of the Georgian state, and the inviolability of its borders. Russia continues to act as mediator in the course of the talks process which is taking its first modest steps.

[Statskiy] The fact that Aksarbek Galazov, president of North Ossetia, recently went to Tbilisi at Eduard Shevardnadze's invitation indicates that the Georgian side is to some extent trying to influence this conflict via Vladikavkaz. How far do you think that is justified?

[Merkuryev] That is a matter for the politicians. But in my view any step aimed at a peaceful settlement of the conflict is fully justified.

[Statskiy] This settlement process is taking place under the auspices of the OSCE [Organization for Security and Cooperation in Europe]. How do you assess this organization's role?

[Merkuryev] The presence of the OSCE mission here is a positive factor. First and foremost because the European community, through the eyes of its representatives, can see and evaluate the situation taking shape here. Including the role played by the peacekeeping forces in the conflict zone. The practical steps by the OSCE are primarily to do with monitoring. The organization's representatives mainly fulfill the functions of observers. Although there was the episode where they took part, in conjunction with the peacekeepers, in providing Tskhinval pensioners with...firewood. It must be said too that the OSCE actively helps with deliveries of humanitarian aid.

[Statskiy] There have recently been constant arguments about the definition of the new mandate for the peacekeeping forces in the Georgian-Abkhazian conflict zone. Official Tbilisi is persistently demanding that they be given the duty of police functions. Do the peacekeepers here in South Ossetia fulfill such functions to some extent?

[Merkuryev] In my view, we have been given sufficient powers to have a positive influence on the situation in the region. Whatever you call those powers. Nonetheless the peacekeepers do not remain aloof from the resolution of such problems as combating organized crime, drug addiction, and gangsterism. We give every possible assistance, including practical assistance, to the law enforcement agencies of Georgian and South Ossetia. More than once we have carried out joint operations to neutralize various gangs, and these have passed off successfully. I think that is enough. To take on full police functions would be to take the bread out of the law enforcement agencies' mouths. There is no need for that in the Georgian-Ossetian conflict zone. At the same time we are not playing the role of a simple border cordon.

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In 1992 the peacekeepers fulfilled the function of separating the warring parties, and now they are fulfilling a different function — that of preventing armed conflict between them. But if we abandon the joint resolution of certain law enforcement questions, a precedent could be created for a new armed confrontation. For instance, any gang showdown in the conflict zone could easily develop into a clash between the Georgian and Ossetian population. So we try to combat not a fait accompli, but the preconditions that could lead to a deterioration in the situation.

[Statskiy] How rational is the system of deployment of peacekeeping units and posts in the conflict zone today?

[Merkuryev] The very fact of our presence and the present composition of the peacekeeping forces have in general been vindicated. In three and a half years no armed conflict has arisen. So the peacekeepers have done their job. But there are points that need to be corrected. For instance, we have removed several units and posts on vitally important highways. Because they sometimes carried out functions which, shall we say, damaged the peacekeepers in the eyes of the population. These functions have been handed over to the law enforcement agencies of Georgian and South Ossetia. I am talking about vehicle inspections, etc. Although the main questions connected with the movement of means of transport through the conflict zone are still being kept under our supervision.

[Statskiy] As I understand it, one of the tensest areas in the conflict zone is the Dzhavskiy sector, the road to Vladikavkaz. What is the situation there at present?

[Merkuryev] We are keeping a careful eye on that road. The situation is complicated by the fact that there are both Georgian and Ossetian villages round about. Formerly, their inhabitants were constantly obstructing each other's passage. Now motor traffic is moving virtually unhindered through the territory of South Ossetia, in all salients. There is a curfew from 10 PM to 6 AM, and the traffic stops. Only people with special passes have the right to move around. In the daytime the system is more relaxed. And since August of last year, after we removed two Georgian posts and two Ossetian posts, the situation on the road has become more favorable.

[Statskiy] How is the rotation of peacekeeping forces in the conflict zone carried out?

[Merkuryev] The Russian battalion carries out rotations regularly, in accordance with the agreements reached between Georgia and Russia. Since last summer the Georgian battalion has begun to carry out rotations too. Which, unfortunately, cannot be said for the Ossetian battalion. In three and a half years it has not had a single rotation. But there have been some changes for the better even there. People who had participated in hostilities and discredited the worthy name of peacekeeper in peacetime have been discharged from the Ossetian battalion.

[Statskiy] And were there unscrupulous people among the peacekeepers, people who engaged in extortion?

[Merkuryev] Not a single such case has been recorded officially since August 1995. Although, earlier, such cases were very widespread. There were quite a few people serving in the Georgian and Ossetian peacekeeping forces who had not only taken part in hostilities but also engaged in outright robbery. Some subunits within these battalions were acting like downright bandits. After these people were removed, the cases of extortion stopped too.

[Statskiy] Have you not tried to carry out a "Clean Hands" operation on the roads, following the experience of Russian Internal Affairs Minister Kulikov?

[Merkuryev] We are doing much work to ensure the purity of the peacekeepers' ranks. For instance, from the Ossetian battalion alone, more than 250 people have been discharged for inappropriate conduct. Half the Georgian battalion has been replaced. At the moment the people serving there are mainly regular soldiers who commit virtually no unlawful actions. As for the Russian battalion, there are no problems here. But if any negative factors do arise, we adopt a very strict approach to the offenders. Especially in the Russian battalion, which represents not simply an individual military unit, but the entire state in this region. And every unseemly act has a negative effect on attitudes toward the Russian Army and the Russian state.

[Statskiy] The leaders of Goriyskiy Rayon, which borders on Tskhinval, gave me a flattering assessment of your work. According to them, it is only thanks to you that it is proving possible to find a common language with the leadership of South Ossetia. How difficult is it to fulfill this mediation mission?

[Merkuryev] I am becoming increasingly convinced that there are many questions here which do not require the intervention of the leaders of Georgia, South Ossetia, and Russia. They are questions which can only be resolved at regional and even personal, communal level. They are not so much political in nature as administrative and economic. Take, for instance, the organization of collaboration among law enforcement agencies. Our contacts and weekly meetings, which are held on the Russian battalion's territory, have helped the Georgian police and the Ossetian militia to combat

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crime by joint efforts. And crime, as you know, is international. The gangs who steal cars and rob people are as a rule made up of representatives of all kinds of nationalities. They operate jointly.

Many contentious points arise over the movement of transit transport in the conflict zone and unresolved questions relating to water use and the irrigation of the fields. The thing is that the irrigation channels and water pipeline cross both Georgian and Ossetian territory. Sometimes someone closes the valves or does some other petty trick. You will agree that this is not the kind of problem that needs to be examined at the level of the top political leadership. We also deal with questions of land use and the exchange of hostages quite often.

[Statskiy] But aren't you accused of doing things that don't fall within the remit of peacekeepers, don't people say it is not your business?

[Merkuryev] Such accusations are sometimes made, by outsiders. But I still think our mediation mission is promoting a peaceful settlement. The population's perception of the events of 1989-1992, when unheard-of cruelty was displayed on both sides, is becoming somewhat less acute. Dead relatives and burned-out homes left a very grave imprint on people's hearts. And the chill of distrust and suspicion can only be thawed through contacts based on trust, the so-called people's diplomacy. And in general, this frozen conflict can only be thawed through peaceful dialogue between Georgians and Ossetians. And the more intensive that dialogue is, the more quickly the ice of mutual hostility will melt.

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Estonia

Estonia: Officials Recommend Baltic Security Pact

LD1508093296 Moscow INTERFAX in English 0844 GMT 15 Aug 96

[FBIS Transcribed Text] TALLINN, Aug 15 (Interfax) — Vice-speaker of the Estonian parliament Arnold Ruutel, ex-commander of the Estonian defense forces Aleksander Einseln and Estonian lawmaker Enn Tarto suggested a Baltic security pact which is to work for the earliest integration of Latvia, Lithuania and Estonia into the North Atlantic Alliance.

Ruutel, Einseln and Tarto fear that the three Baltic republics will form a buffer zone between Russia and united Europe.

"The recently-held Washington, Bonn and Stockholm summits show Estonia, Latvia and Lithuania stand no real chance for insuring their safety by way of the full and early integration into NATO," thay said in a joint statement.

"NATO seems to have been allowed to expand into Central Europe on the condition that the Baltic republics remain in the sphere of Russian influence," they also said.

A Baltic security pact, according to the statement, must offer internationally-recognized security guarantees and specify when the Baltic republics may join the European Union and the North Atlantic Alliance.

It can bring together the three Baltic republics and the United States, Germany, Russia, Sweden, Poland, Finland and Denmark.

Tallinn must assign priority to the preparation and conclusion of that pact and the promotion of military and political cooperation with Latvia and Lithuania, the statement said.

The statement is to be distributed among Baltic and Western political leaders. One of the co-authors, Arnold Ruutel, will likely make a bid for the Estonian presidency on August 26 and 27.

Estonia: Tallinn Reaches Fisheries Pact With Latvia

WS1208070096 Tallinn BNS in English 1734 GMT 9 Aug 96

[FBIS Transcribed Text] Tallinn, Aug 9, BNS — Negotiators on Friday reached a deal on the text of a fishery agreement between Estonia and Latvia after two days of talks in Tallinn and said the document was ready to be signed by the governments.

"A difficult problem at the talks was that Estonia and Latvia have a different legal status of waters in the point where the sea borders meet, but finally we agreed to make a proposal to the governments of both countries to eliminate the difference," said Taidus Linkoja, deputy head of the Estonian Department of Fisheries.

While the Estonian waters in the controversial area are defined as territorial sea, Latvia has interior sea on its side of the border, where regulations are much tougher, said Linkoja, who headed the Estonian delegation at the talks.

For entering the interior sea, any country can require foreign ships to pass customs and sanitary checks. Also, the ships entering such sea area fall under the jurisdiction of the respective country, whereas such rules normally don't apply to the ships crossing territorial waters, Linkoja explained.

"If Latvia doesn't change the interior sea regulations established for the Gulf of Riga, it won't prevent signing of the treaty, but (will prevent) fulfilling it," Linkoja said.

The agreement is a general framework document which deals with cooperation in scientific research, processing of fish and repair of ships.

At a proposal by the Latvian side, a stipulation was written into the draft that the two countries will set up a joint commission to coordinate cooperation and recommend best ways for solving fishery issues.

The draft says regulations for fishing will be set down in additional protocols to the agreement.

"The protocols should set forth what kind of ships are allowed to fish in the other country's waters, their names, and rules for entering the other country's waters," Linkoja said.

He added that the stipulation about the right of entry for Latvian ships into Estonian waters and vice versa would be discussed in Tallinn only if Estonian fishers had interest in fishing in Latvia's waters.

Latvia is currently the only Baltic Sea neighbor with whom Estonia has no agreement on fisheries.

Linkoja's counterpart at the talks was Latvian Fisheries Department Director-General Normunds Riekshtins.

Estonia: Right-Wing Parties Form Electoral Pact for Tallinn Election

LD0808194196 Tallinn Radio Tallinn Network in Estonian 1600 GMT 8 Aug 96

[FBIS Translated Text] Representatives of the Fatherland Alliance, Moderates, Farmers' Party, and the Republican Conservative Party signed today a cooperation agreement so as to set up a joint electoral pact,

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the Right-Wing Parties and Moderates, for the council elections in Tallinn [on 20th October]. Under the agreement concluded, a council of the electoral pact will be set up, which must adopt a program for the electoral pact on a consensus basis, endorse a list [of candidates] for the elections, and a budget. Toivo Jurgenson, the chairman of the Fatherland Alliance, said that the cooperation agreement concluded today does not mean that the four parties will go to the elections in an identical pact all across Estonia. Forms of cooperation depend on regional circumstances and in some areas the parties may enter the elections on their own even.

Latvia

Latvia: Ulmanis Reportedly Changes Mind on Firing Army Commander

WS1408111396 Tallinn BNS in English 1000 GMT 14 Aug 96

[FBIS Transcribed Text] Riga, Aug 14, BNS — The Latvian president has decided against asking the parliament to dismiss the army commander in chief, Juris Dalbins, according to the NEATKARIGA RITA AVIZE.

Ulmanis made the comment Aug. 12 in Kalamazoo during a meeting with American-Latvians, the paper said Wednesday.

"He will remain army commander in the future. I have made this decision during the vacation and will try to settle the issue after having returned to Riga," Ulmanis said.

Ulmanis is due back in Latvia Aug. 25 or 26.

Dalbins was suspended as army commander in chief July 24 after the latest of several deadly incidents in the armed forces.

Under the Latvian law, Dalbins can be fired before his term in office expires only by the parliament at a recommendation of the president.

The post is currently held by his deputy, Navy Cmdr. Gaidis Zeibots. Dalbins heads a work group drafting a plan for a headquarters of land forces.

Latvia: Premier Presents Draft Government Coalition Agreement

WS1408140196 Tallinn BNS in English 1300 GMT 14 Aug 96

[FBIS Transcribed Text] Riga, Aug 14, BNS — Latvian Prime Minister Andris Skele introduced Wednesday the cooperation council of governing factions with a draft agreement on the government coalition.

The agreement, which was prepared by Skele, defines rights, duties and responsibilities of factions in the government coalition and the prime minister.

It is expected to regulate the government's work in the coming 12 months, said Fatherland and Freedom faction member Janis Straume.

The factions have agreed not to publicize the text of the draft agreement, while they are discussing it.

According to information at BNS disposal, the draft obliges the governing factions to vote in favor of government resolutions in the parliament and support the implementation of the government's 12-month action plan.

Factions will not be allowed to propose state budget-related bills to the parliament without consent of the other factions.

They may propose the cooperation council to discuss the dismissal of the prime minister, according to the unofficial information.

The premier is entitled to put forth issues to the Cabinet concerning the efficiency of officials, who have been appointed by the government, without the need to coordinate the issue with the cooperation council.

The draft also foresees that factions in exceptional cases may have the right to demand the passage of resolutions at the cooperation council by two-thirds of votes.

Currently, decisions are taken at the council by common consent.

The factions will consider the draft next week and prepare proposals for its discussion at the cooperation council, said Straume.

Latvia: Foreign Affairs Committee Approves Treaty With Estonia

LD1408161396 Riga Radio Riga Network in Latvian 1500 GMT 14 Aug 96

[FBIS Translated Text] The agreement on the delimitation of the Estonian-Latvian sea border has been approved for its first reading by the Saeima Foreign Affairs Commission. The Defense and Internal Affairs Commission has meanwhile (?prepared the bill for review and acceptance by Foreign Ministry specialists). The agreement on delimiting the sea border was signed by the two countries' prime ministers in July after about three years of discussions. To take effect it has yet to be ratified by the two countries' parliaments.

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Lithuania

Lithuania: Brazauskas Interviewed on Domestic, Foreign Affairs

LD1408172696 Vilnius Radio Vilnius Network in Russian 1000 GMT 14 Aug 96

[Transcript of newspaper interview with Lithuanian President Algirdas Brazauskas by DIENA correspondent Aldona Svirbutaviciute; place and date not given; from the "Newspapers Today" program — read by announcer]

[FBIS Translated Text] DIENA: We Should Catch Up With Others By Changing Our Thinking. President of the Republic of Lithuania Algirdas Brazauskas interviewed by DIENA correspondent, Aldona Svirbutaviciute.

On 12 August, after a two-week vacation, President Algirdas Brazauskas is back to work. The first day in the office was devoted to getting back to his duties. The day was busy, but also full of pleasant moments: presenting state awards to the Lithuanian sportsmen who participated in the Atlanta Olympic Games and the meeting with the Lithuanian Parolympic delegation which is leaving for the Parolympic Games in Atlanta. The business-like spirit of the President's Office was disturbed by a picture-taking fuss: Both officers of the president's security service and staff of the President's Office wanted to be photographed with the basketball player Arvydas Sabonis. On 13 August, the president devoted one hour for the interview and answered more than 10 questions that we put to him.

[Svirbutaviciute] Mr. President, the agenda of your first day after the vacation included some not-so-common meetings. Now, let me ask you, was your vacation good enough to prepare for the politically busy autumn?

[Brazauskas] I tried to get as much relaxation as I could. Now I am fine and ready for work. This year, circumstances did not allow me to spend an entire month on my vacation, but it is even better this way. Previously, too many matters left to deal with would accumulate in a month's time and I would need to get back to Vilnius.

[Svirbutaviciute] Did you have any important meetings during your vacation?

[Brazauskas] No, I did not. In Nida there are no first-class facilities for receiving official guests. In Palanga there are better facilities. During the two weeks, I met the leaders of the city of Klaipeda and visited a holiday camp for the disabled. They cared for by the administration of the town of Sventoji, the foresters, and the local vicar. We discussed the possibilities of helping the people who spend the largest part of their lives in wheelchairs.

[Svirbutaviciute] On Monday, you wished good luck to the Lithuanian Parolympic delegation and decorated the others [Olympic delegation] with state awards. Do you expect Lithuanians to be successful in the Parolympic games? Why was the Lithuanian Olympic team not successful in Atlanta?

[Brazauskas] Our Parolympic delegation brings home victories every time they participate in world or European competitions. The organizations, which are supporting these sportsmen, should get their share of praise for this. This time, they are ready to bring victory back to Lithuania. We always expect a lot from our sportsmen. The performance of track-and-field athletes, cyclists, and basketball players was good in Atlanta.

I am not a professional sportsman. Nevertheless, I did some sports in my younger days and I can say that our sportsmen and their coaches did not sufficiently utilize the time that was devoted to the preparation for the Olympic Games. The sportsmen prepared for Barcelona in accordance with the general methods, devised in the Soviet Union. Now, they could train on their own and they did just that. I think one can achieve a lot by utilizing the facilities that are here in Lithuania, first and foremost, sports clubs. For instance, we have good facilities for rowing: The national team of the Soviet Union would always come for training in Birstonas and Trakai. Why are these facilities not used? Now look at the facilities for swimmers and cyclists. For instance, Colombia is famous for its cycling tracks and who can say that in Lithuania there is no place to cycle?

[Svirbutaviciute] The law on mass media preserved the right for journalists to disseminate information on the private lives of politicians and civil servants. Therefore, the top officials, apart from the challenges posed to them by power, fame, and money, will also have to meet the challenge of the press, and some have already faced that particular one. Which of these challenges is the hardest? Could you base your comment on your own experience, please.

[Brazauskas] I signed this law, but I do not want to comment on it. Likewise, I do not want to analyze relations with journalists. It is normally perceived in an exaggerated and psychologically disturbed manner. Since 1989, every small detail of my life has been examined. Probably, I should not fear they will find anything new. I do not support the idea that private lives of top officials can be scrutinized by the press.

What do the words civil servant mean? To start with, he is a citizen and his rights are protected by the Con-

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stitution. If a behavior pattern or private life interferes with the duties of a civil servant or a politician, then the general public should be told about it. Nevertheless, every person has a right to privacy of his personal life and this right must be protected by the law.

[Svirbutaviciute] While you were on vacation, the leaders of the LDLP [Lithuanian Democratic Labor Party] proposed some constitutional amendments, which are related to the expansion of the president's authority. Some critics were quick to describe them as a dictator's powers. What is your opinion about these proposals?

[Brazauskas] I will abstain from expressing my opinion at this point. This proposal was put forward in my absence and it was never discussed with me, as president. Let us hear the authors and the initiators of the proposals explain all their arguments. I see this discussion as artificial and I do not wish to take part in it.

Generally, any constitutional amendments should be well prepared and assessed from various points. In my opinion, the weird idea that it is President Brazauskas who needs more power is naive and reflects narrow political interests. There are many politicians in Lithuania who link the presidential institution with my personality. There will be many presidents and they will all be different. Therefore, one should be very careful when putting forward constitutional amendments on expanding or reducing the presidential powers. I believe at this point there are other constitutional amendments that are more essential to adopt, such as the extension of the term in office of local councils, which currently is very short. The Seimas has way too many seats; 100 MPs would be perfectly enough. This question has to be looked into. Finally, we should introduce a fixed election date, for example, the second or the third Sunday in April.

[Svirbutaviciute] Why is it so important to introduce a fixed election date?

[Brazauskas] It would allow us to prepare for work more efficiently. Both rounds of the elections would be over by the end of May. A new cabinet of ministers could start working then and could start drawing up the state budget. In addition, it would help deal with the preparation for winter, the issues of financing, investments and loans, and preparations for the next financial year. This would be a good and business-like arrangement.

[Svirbutaviciute] On 12 August, the Seimas rejected and returned for re-drafting the amendments to the Seimas election law, which you put forward. What is a possible option of a new reading of the law? Did you agree with the leaders of the party factions on the reduction of vote percentage thresholds to 4 and 5 percent?

[Brazauskas] I expressed my opinion on this issue earlier and I am not going to change my mind. It is up to the Seimas to decide. I am certain that the 4 percent threshold should have remained. We had reached an agreement to this effect right here, at this very table, with representatives of the political parties. The representatives of the LDLP also took part in the meeting. I am surprised, to put it mildly, that this agreement was not honored. It is a clear example of how ambitions, wishes, and aspirations of parties can overshadow state interests. Parties should show more attention to the interests of the state and the society. I believe the parties that regard themselves as large cannot possibly include all valuable personalities — some of them are members of other organizations. The parties which at the moment are small did not yet have a possibility to grow. They will grow, there is no doubt about it. We cannot follow the examples of either the United States or Great Britain: Those countries' political traditions developed for hundreds of years. We have to create an opportunity for more new people and new parties to be in the Seimas. We could think about even a lower percentage barrier and if it did not prove beneficial, we could change it after four years. It was our initial plan to reduce the threshold, because so many new parties, movements, and organizations have emerged.

[Svirbutaviciute] Even with the vote percentage threshold standing at its current high level, the new Seimas will, probably, be composed of the representatives of a number of parties. Mr. President, will it be easy for you to work with the new Seimas?

[Brazauskas] The current Seimas is not all that homogeneous, either. That is one of the features of our political life; we have to learn to live with it and search for ways to adopt the best decisions possible. I believe the parties that will come to the Seimas will feel more responsible for the affairs of the state and the future of the country. Maybe petty interests of the parties, which I mentioned earlier, would play a less significant role.

[Svirbutaviciute] You probably will have to work with a coalition government.

[Brazauskas] We tried to form a coalition government earlier, but the opposition party factions refused to join. They chose to remain in the position of those who criticize. This position is easier to hold. It is always more difficult to work than to criticize. On the other hand, the present cabinet is not a one-party cabinet. I prefer a skilled government, composed not only on the basis of party membership. Administration skills and experience — this is what we need.

[Svirbutaviciute] The prosecution institutions are filing more and more lawsuits related to abuse of authority in banks. Even Interpol gets involved in these affairs. However, the cases take a long time to get to court, which is a good guarantee that they will remain unresolved. What influence can the president exert so that justice is reached as quickly as possible and a crime is followed by punishment? People are sick and tired of

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living in the conditions where there is no punishment for a crime.

[Brazauskas] I am constantly following the development of such cases. There are a lot of them. I have to admit that those cases take a long time to be finalized. We had more than one discussion on this subject with the law enforcement officials, who brief me about these cases.

We are not obsessed with revenge and we do not have a thirst for punishing everybody. However, every official must be held answerable for abuse of power. I am trying to influence this. One of my proposals, which has already been submitted to the Seimas, is that the cases must be finalized as soon a single episode of the case is finished. We cannot wait for an audit to be completed, because this may take years. People and their property can disappear and whatever sum is awarded by court cannot be collected. The bailiffs leave much to be desired, too.

The first to be held answerable are those who caused the banking crisis. The banks have not been declared bankrupt; the banks are back in business and the state has taken the responsibility for their activities. However, those who squandered the banks property and were granting loans irresponsibly must be held answerable in accordance with the law. Both those who granted those loans and those to whom the loans were granted must be punished. The laws are in place, the people have to do their job. But, I am afraid, some shortcomings of the procedure allow those cases to be dragged out for a long time.

[Svirbutaviciute] Was the decision on the Lithuanian State Commercial Bank right?

[Brazauskas] Of course it was right. The bank will be back on track. The rescue package we undertook is a serious one. People need not worry.

[Svirbutaviciute] What bank do you trust, Mr. President?

[Brazauskas] I trust all the banks that are functioning now. The control measures have been strengthened and the new requirements, by which the banks must abide, have been introduced. If a bank does not follow these requirements, it will be closed and the people and the corporate entities will get their money back.

[Svirbutaviciute] Now there are a lot of discussions on your proposal to suspend the application of the death sentence in Lithuania. There are various opinions, but the predominant one is that the suspension of the death sentence would be premature. Do you think a referendum could be held on this issue?

[Brazauskas] It is difficult to understand how categorical some opinions can be in our Catholic country. We assess many things in the same way as we did 50 years ago. Meanwhile, the world was developing and we are lagging behind very significantly. We lived in a closed space. It was our destiny, but we have to hurry up and catch up with others by changing our thinking and our attitude. My proposal on the suspension of the death penalty is not a categorical one. I do not suggest that the death penalty should be done away with — my proposal is to undertake the first stage and to suspend the executions. In a year or two, we could see whether it helps to reduce the crime rate or if it works in the opposite direction. Some experts say it does not influence the crime level. It is good that people in Lithuania do not ignore this issue and are discussing it.

[Svirbutaviciute] Lithuania's foreign policy direction is clear: striving for the membership in the European Union and partnership with NATO. What about the policy regarding the east, i.e., Russia?

[Brazauskas] Lithuania, as a country, must maintain good relations with all her neighbors both now and in the future. Russia is our neighbor. The difference of view on these relations, which we can hear from some politicians, is not correct in the political sense. Forming relations with neighboring countries is our security guarantee. It would be wrong for us to believe security can only be achieved through NATO. We, as a country, must achieve everything ourselves, using all possible methods of good neighborliness, friendship, and cooperation. We achieved a lot in normalizing our relations and delimiting our borders with Belarus, Poland, and Latvia. Unfortunately, the border with Russia has not yet been delimited. This is the most important foreign policy issue.

[Svirbutaviciute] Do you intend to meet Russian President Boris Yeltsin in the nearest future? What would be the most important points of such a meeting?

[Brazauskas] I have never been to Russia on an official visit. I believe that, during the time of my presidency, I really must do that. I put forward this proposal to the Russian president and now we are awaiting his decision.

[Svirbutaviciute] When can this meeting be expected? I heard some politicians speculating that you intend to make this visit before the elections to the Seimas.

[Brazauskas] Well, that is what those politicians think. There is no relation between my official visit and the elections to the Seimas. No matter what people are elected to the Seimas and what balance of political forces is there, relations with a neighboring country must be good.

[Svirbutaviciute] Mr. President, thank you.

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